NATION'S

BUSINESS

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MOCCLIE

December 1939

A Manual of Arms for Business • Slum Clearance by Private Enterprise • New York's Battle of the Budget



THERE'S A PERMANENT WAVE AHEAD

Connecticut (bless their New England thrift) has had permanent license plates for four years now, and they're still going strong, which means, looking well.

They're aluminum, of course, with a patented finish that lasts for years.

Saves the state no end of expense. Instead of a complete new set of heavy plates, they send you small replaceable date slugs each year. Saves metal, manufacturing cost, postage, shipping, storage...tidy savings indeed.

Saves car owners a lot of bother, not to mention the severe mental strain of having to learn new numbers each year. SO... first we hope that a lot of business men who read this good news will give *their* state departments a little push on this praiseworthy idea.

Then we would hope that you would be reminded to review your own products, to see if Alcoa Aluminum with a similar finish wouldn't be an improvement over the present incumbent.

Connecticut is seaboard, and that's a tough test, what with salt air, corrosion, and all. Tough enough, indeed, to make us quite ambitious to help you share this success on your own product. May we? Aluminum Company of America. 2125 Gulf Building, Pittsburgh, Pennsylvania.



ALCOA · ALUMINUM

IF YOU'RE LOOKING FOR TRUCK FEATURES LOOK AT THE FORD

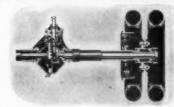
WHEN the Ford Motor Company speaks of truck features, it doesn't mean "gadgets." Ford features are outstanding qualities incorporated in the Ford Truck to make it tougher, more rugged, more dependable, more economical—or to make the unit easier to handle, increase the driver's comfort, protect the load or contribute to safety. • Shown here are a few important Ford features for 1940.

There are many more which you're invited to see at your Ford dealer's. Compare them with the features offered in other trucks of about the same price—or any price. Arrange for an "on-the-job" test and see what they mean in performance and economy before you spend another truck dollar.

• Ford Motor Company, builders of Ford V-8 and Mercury Cars, Ford Trucks, Commercial Cars, Station Wagons and Transit Buses:



3 V-8 Engines. 95, 85 and 60 hp. The only V-type 8-cylinder truck engines on the market today.



Full-floating Rear Axle. Relieves the axle shafts of all load stresses. Minimizes the possibility of shaft failure.



New Front Springs. Provide an additional point of support to frame side-members.



Big Hydraulic Brakes. Unusually large brake lining area. Dependable, built to Ford standards of safety.

MORE FORD TRUCK FEATURES

6 wheelbases • 42 body and chassis types
• New Sealed-Beam Headlamps • New, larger battery—more powerful generator
• Battery Condition Indicator • Wormand-roller steering • Straddle-mounted driving pinion—ring gear thrust plate • Needle-roller bearing universal joints
• Factory-installed two-speed rear axle (at extra cost) • Ford Engine and Parts

Exchange Plan



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Champions
... BOTH OF THEM

One for short-time speed on the track or a-field. The other for dependable staying power at a slower pace over a longer route.

So it is with Diesels! A light-duty engine for intermittent service and a heavy-duty Diesel for continuous use. Fairbanks-Morse makes both types, to meet your power needs exactly.

FAIRBANKS-MORSE

DIESEL ENGINES
PUMPS
ELECTRICAL MACHINERY
FAIRBANKS SCALES
RAILROAD EQUIPMENT

WATER SYSTEMS
WASHERS-IRONERS
FARM EQUIPMENT
STOKERS
AIR CONDITIONERS



Diesels



Will their plates be empty?

Factory burns down . . . man loses job . . . can't find another . . . but his wife and baby still look to him for food, shelter and clothing.

When a factory burns, the papers may say, "Loss \$200,000, only partly covered by insurance", What doesn't get reported is the human tragedy that those cold figures hide.

What about employee Bill Jones? Will he find another job? Or will he look in vain, as he sees his slender savings melt away?

Multiply Bill Jones by many thousands, and you have a hint of the personal tragedy caused by fires in industry. It is tragedy that 200 capi-

tal stock* fire insurance companies seek to reduce. Through their regional and national organizations, including The National Board of Fire Underwriters, they study many thousands of fires throughout the country every year; try to learn the causes; work out ways to prevent repetitions of these tragedies. Their recommendations are free to every city and town for the benefit of every individual.

When you buy capital stock com-

pany fire insurance for factory or home, you are furthering fire prevention in the interest of everyone as well as getting sound protection for yourself.

When you enlist the services of a skilled in-surance Agent or Broker in planning proper in-surance coverage, his job has only begun. Throughout the life of your policies he will keep your insurance problems under con-stant supervision.

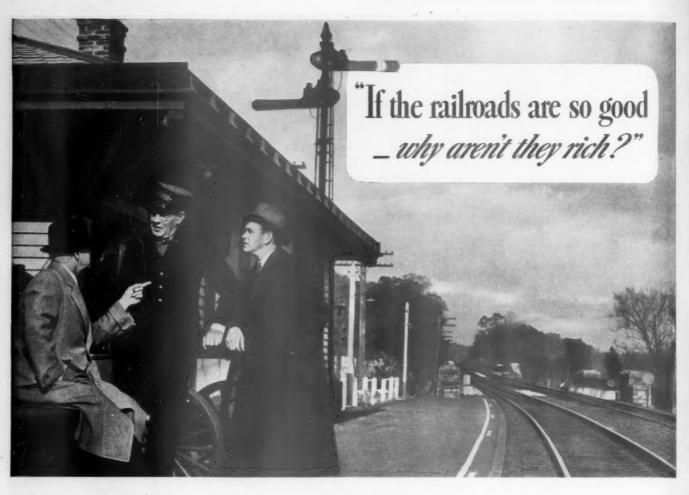
*CAPITAL STOCK COMPANY FIRE INSURANCE provides sound protec-

tion at a predetermined price, without risk of further cost. In addition to legal reserves, its policies are backed by cash capital and surplus funds set aside to meet not merely normal claims but also the sweeping losses due to conflagrations and other catastrophes. Its organized public services are national in scope. Its system of operating through Agents everywhere gives prompt, personal service to policyholders.

THE NATIONAL BOARD OF FIRE UNDERWRITERS, 85 John Street, New York • Est. 1866







THAT'S a sensible question, and we'd like to answer it, because business success in these United States is judged pretty much by whether or not you're able to make money.

But when you talk about the railroads you have to deal with two kinds of success that don't have much relation to each other.

On the one hand is operating success.

That includes, for instance, safety, and on this score the American railroads have the finest record in the world.

Or it includes speed — and the railroads in the past twenty years have stepped up freight speed by more than 60% — with similar improvements in passenger schedules.

Or it includes operating efficiency—and the railroads today could handle the biggest volume in their history—the traffic of the peak year 1929—with 350,000 to 400,000 fewer freight cars than were used at that time.

Or it includes cost of service — and the railroads today haul a ton a

mile at an average cost that's about the same you pay for a penny post-

But when it comes to financial success—you run into this situation: Railroads meet all their own costs and help support the government as well. They operate under the strict control of rules and regulations built up over the past 50 years on the theory that they are a monopoly, but actually they compete with other forms of transportation which are promoted and subsidized by government.

The effect of such inequality is to decrease railroad traffic and reduce railroad earnings.

There is no question of the railroads' ability to do the job from an operating standpoint.

From the standpoint of earnings, all they need to make a living is a fair chance to meet other forms of transportation on equal terms.

See America
FOR \$90
Start from your home town now

on a Grand Circle Tour of the United States - east coast, west coast, border to border-go by one route, return by another - liberal stopovers - for \$90 railroad fare in coaches-\$135 in Pullmans (plus \$45 for one or two passengers in a lower berth). Get the full facts from your ticket agent about the greatest travel bargain in history!

A FAIR FIELD.

NO GOVERNMENT FAVORIN TRANSPORTATION

Association of

AMERICAN RAULBOADS

VASHINGTON D.C.

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E. L.

Shake Hands with Our Contributors

SINCE the beginning of the European war there has been a great scramble to gather information on the industrial mobilization plans that have been drawn up by the War and Navy Departments and which supposedly would be clamped on American industry if this country should be drawn into a war. But, to a considerable extent, those plans presuppose enactment of new legislation before they would become effective and are, therefore, subject to many possible changes before they could be put through the Congress.

In their eagerness to find out what these plans might mean to their own business, many business men have overlooked old laws that give sweeping powers to the executive. The Attorney General recently sent a list of approximately 100 such extraordinary executive powers to the Senate.

Herbert M. Bratter has made a special study of these statutes for NATION'S BUSINESS, which serve to indicate the broad range of the Chief Executive's authority during an emergency. Mr. Bratter was formerly senior economic analyst in the U.S. Treasury Department.

William P. Emerson, M.D. of Boston, is Professor of Pediatrics in Tufts Medical College and Consultant in Dartmouth. In the course of his study and teachings he demonstrated that most cases of physical unfitness found among army recruits and others could be cured by proper attention to the essentials of health—rest, exercise, food, fresh air and sunlight. Following his demonstrations, the Aetna Life Insurance Company, among others, adopted his recommended health program for the benefit of its employees.

Russell L. Greenman, an industrial relations counselor, was asked to make a first hand report of the slow down strike and to define the issues and interpret the position of the company and the union.

Edith M. Stern is a free lance writer who was permitted to dig into the records and methods of the U. S. Patent Office so that she might be able to show how patents are recorded and the inventor protected against infringement.

Annabel Paxton is a newspaper feature writer who has specialized in housing. She presents the rehabilitation program of A. W. Binns of Philadelphia as an example of how private enterprise can solve a large part of the slum clearance problem and make a ten per cent profit while doing it.

Marsh K. Powers headed a Cleveland advertising agency for many years. He is a veteran contributor of magazine articles on advertising and marketing.

E. L. Bacher is head of the Foreign Commerce Department of the Chamber of Commerce of the United States.

Contents for December 1939

PAGE	Ġ.
Manual of Arms for Business	;
The Business Man's Health Plight	,
A Never Ending Hunt for Something New 22 By EDITH M. STERN	2
The New Subversive Technique	5
Slum Clearance by Private Enterprise	,
New York's Battle of the Budget	1
Adventures in Business Psychology	4
Bombs to the Exporter	0
Manufactures Census Looms 65	5
The Regular Features	
Through the Editor's Specs	7
What Hurts Business Endangers America!	9
Leaders in the March of Business	
The Map of the Nation's Business	
No Business Can Escape Change	
Washington and Your Business By HERBERT COREY 4	
On the Marketing Front 5.	1
Man to Man in the Money MarketsBy CLIFFORD B, REEVES 5.	2

NATION'S BUSINESS . CHAMBER OF COMMERCE OF THE U. S.

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BUSINESS DEPENDS ON MONROE

FOR FIGURES

Figures are really just like raw materials pouring into every business house every day and all day. Monroe machines are processing these figures; turning them into payrolls, inventory records, reports, invoices—a thousand and one finished figure jobs. Business depends on Monroe because it has found that Monroe machines produce the maximum figure output at lowest cost, with least strain on the figure workers.



MILK.. Here is Elsie the famous Borden World's Fair cow. In Borden offices scattered far and wide, Monroe addingcalculators, listing and accounting machines help speed the



COTTON . . Pepperell is a mighty name in cottons for work clothes, sheets, shirts, and a thousand and one uses. In plants and offices north and south, Monroe adding-calculators are turning out low cost figures for Pepperell Manufacturing Company.



RUBBER.. The B. F. Goodrich Company solved a problem developing rubber bearings for this giant scoop. Figure problems in Goodrich plants and offices from coast to coast are met by scores of Monroe adding-calculators.



SIMPLE.. Here is the Model LA Monroe Adding-Calculator—the simple, flexible, portable figuring machine that takes up no more desk room than a letterhead. It belongs on every desk in office, store, or factory, where figure work is to be done.



ARMCO . . The American Rolling Mill Company has been a Monroe user for years. Both Monroe adding-calculators and adding-listing machines are at work for them on many different figure jobs, in many different departments.

A MONROE FOR EVERY FIGURE JOB

ADDING-CALCULATORS
LISTING MACHINES
BOOKKEEPING MACHINES
CHECK WRITERS
CHECK SIGNERS

CALCULATING MACHINE COMPANY, INC.

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Monroe Calculating Machine Company, Inc. General Offices, Orange, New Jersey

Please send me free folders on the Monroe LA, 'Simple as 2x2' and 'Velvet Touch Keyboard'.

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Firm.....

Address.

MORE THAN 150 MONROE-OWNED BRANCHES SERVE AMERICAN BUSINESS



JOU'VE seen your dog cover a Y field with head high and nose a-quiver . . . suddenly from a dead run freeze into a perfect "point" . . staunch . . . rigid! You couldn't see anything in the stubble in front of him, but you moved up . . . gun ready . . . confident he had game! Confidence too, plays an important part in an efficient transportation service. Every day, thousands of tons of merchandise is sold and delivery promised by shippers and receivers of freight - who have confidence in the dependability of the fast merchandise freight service of the Norfolk and Western Railway . . . shippers and receivers who have learned from experience that merchandise shipped via this railroad -between the Virginia seacoast and the Midwest and between the North and the South-will arrive on time and in good condition. So, the "point" in freight service satisfaction is . . . ship via Norfolk and Western.





Through the EDITOR'S SPECS

Good intentions

ONE of the National Labor Relations Board officials has a dog with a playful penchant for trying his teeth on the legs of neighbors. In police court recently several of them testified to this canine idiosyncrasy.

But the N.L.R.B. man was surprised that any one should doubt his hound's social objectives. He was positive the dog was not vicious or dangerous. The neighbors had misunderstood his approach. To prove his statement he placed his wife and son on the stand.

Official attitudes are sometimes best reflected in private lives. The N.L.R.B., too, has been labelled vicious and dangerous by its record and the opinion of legions of employers, employees and public. But to Messrs. Madden and Smith and their corps of inquisitors it's still perfectly benevolent and they can prove it—by their own trial examiners.

This cock-eyed world

HIGH OFFICIALS in Washington are working on a model plan of public finance for the South American republics. Why not try it out here first?

Perry A. Fellows, assistant chief engineer of the W.P.A., suggests the organization of a federal bureau of scientific management to supply advice on the efficient operation of business. From W.P.A. administrators?

In compliance with the Hatch Act forbidding a federal employee to engage in political activities, the U. S. marshal at New York City, who is a Tammany assembly-district leader, resigned from the marshal's office paying \$7,500 a year. Tammany job pay more?

A new rule in the New York W.P.A. writers' project requires that each "writer" shall produce a daily minimum output of 300 words. Too high!

Mendicancy

PETITIONS to the seventy-sixth Congress asking for increased spending numbered 1,212, and only 24 asked for economy, according to the

National Economy League. Strange as it may seem, 254 of these appeals for alms came from state legislatures and local governments. Miscellaneous citizen groups contributed 464.

Some of the petitions show the degree to which mendicancy has gone in this proud land. For instance:

The Oklahoma Legislature wants all old age benefits defrayed entirely from federal funds, with no state contributions

The Legislature of South Carolina prays the United States to pay part of the public debt of Chesterfield County in that state.

The Legislature of Oregon asks the United States to pay the debts of Bay City, Ore.

The Legislature of Florida wants an appropriation for a fire protection survey of the Everglades

of the Everglades.

The Legislature of Arkansas wants a national parkway from Minnesota to the Gulf of Mexico.

Prairie du Long, Ill., petitions the Government to maintain the price of wheat at \$1.25 a bushel.

From Kiowa, Kan., comes a request for

From Kiowa, Kan., comes a request for liberalized interest rates on seed loans. Lawrence County, Ohio, citizens ask grants for "incapacitated adults."

No matter how you slice it

THE REVOLUTION marches on masked by subtly phrased language. One of its less conspicuous but extreme spokesmen is Harlow R. Person, consultant for the Rural Electrification Administration and the P.W.A., and a frequent speaker before business groups. Between the lines of his chaste, academic diction can be read the shape of things to come, as seen by Washington's social levellers. From our Person file we take a few examples:

The establishment of an expanding dynamic economy... will require elimination of some and revision of many of the elemental factors of the recent type of expanding economy. Let us hope this will be accomplished without blind violence... Blind violence comes from refusal to recognize the problem... and resistance by individuals and groups to demonstrated necessary changes.

strated necessary changes.

Certainly the evolution of the new order will require modifications of many cherished concepts . . . such concepts as those of private property; of the function of the corporation; of saving, spending for investment and spending for consumption; of private accounting and social accounting.

cial accounting.

If leadership cannot keep workers em-



"YES, ma'am, that's the cast iron pipe they call Public Tax Saver No. 1. This neighborhood's grown since I was a boy so they are replacing our first cast iron water main with a larger one. But do they throw away the old pipe? No, ma'am—they're using it again out in the suburbs. You can do that with cast iron pipe because it has a useful life of more than a century. The town saves money. We save taxes."

Water mains represent about one-third of this country's 5-billion-dollar investment in public water supply systems. More than 98% of these mains are cast iron pipe with a known useful life at least double the estimated life of other water

main materials. Because the tax-saving, through deferred replacements alone, is enormous, cast iron pipe is known as Public Tax Saver No. 1. It is the only ferrous metal pipe, practicable for water, gas and sewer mains, which rust does not destroy. Made in diameters from 1½ to 84 inches.



This cast iron water main installed 105 years ago is still saving tax-dollars in Reading, Pa.

CAST IRON PIPE
PUBLIC TAX SAVER NO. 1

THE CAST IRON PIPE RESEARCH ASS'N. T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

ployed with steady income and removed from the fear of starvation, eventually they will not stop short of violence. The functional necessity became the absolutely dominant thing in Russia; and while the leaders in Russia have large visions in respect to liberty eventually, it has been restricted while they are getting the foothold.

Extracting the essence from these apparently innocuous word nuances we would have a translation something like this:

Many of the cherished American ideas of private property and business enterprise must be surrendered in the establishment of this new order we have decided is necessary to progress. If individuals or groups resist these changes and get in the way of their fulfillment they will only bring down violence on themselves as the reactionaries in Russia are doing.

Marx and Lenin said it too, but less deviously.

Without benefit of politics

THERE'S nothing new about national emergencies. We've been having them ever since Valley Forge and the Whiskey Rebellion. The only thing new is the nation's way of meeting them.

Just to refresh our recollection, we recently reviewed an emergency back in 1927. It was created by a particularly savage rampage of Ole Man River that inundated large portions of three Mississippi Valley states and turned hundreds of thousands of citizens into pitiable refugees. Farmers in that section faced ruin. They received help, and here's how.

President Coolidge wrote a letter

President Coolidge wrote a letter on May 30, 1927, to Lewis E. Pierson, president of the National Chamber, saying that "it would be of great assistance as well as a demonstration of national solidarity and sympathy if business interests of America under the leadership of the Chamber of Commerce of the United States" would undertake to raise subscriptions of capital for use by the private loan corporations organized to rehabilitate agriculture in the stricken states.

Mr. Pierson acted immediately. Business leaders met in Washington with Chamber officials and Secretary of Commerce Hoover just four days later. At the conclusion of this conference, Mr. Pierson was able to report to the President the assurance that \$1,750,000 had been subscribed to match an equal amount already raised by the flooded states. A Floods Credit Corporation was organized. With its assets supporting those of the local flood relief corporations the intermediate banks were enabled to make available farm credit of more than \$10,000,000, sufficient to meet the emergency.

On July 8, 1930, Floods Credit Cor-

poration closed its books by making final, 100 per cent liquidation payments to all holders of receipts for original subscriptions. The emergency had been met promptly and effectively by voluntary, self-liquidating means. No appropriation was asked of Congress, no government money was spent, no government bonds were issued, no taxes were imposed, no bureaus unrolled any red tape, and no political obligations were incurred.

Horse and buggy days!

Gullible gulls

AN ARTIFICIAL ISLAND has been created in New York Bay through the pumping of sand up from the bottom. For two years the clams and fish pumped up with the sand made easy living for flocks of gulls, says Charles B. Driscoll.

Lately there has been no pumping for three or four months, but the gulls continue to come back for their dole. As many fish as ever swim in the bay but these stupid birds have forgotten how to catch them, or else have become too lazy and spoiled to make the effort. Some of them will starve waiting for their good Santa Claus to

Birds and men-they're still alike in spite of all the evolution since the Mesozoic Age.

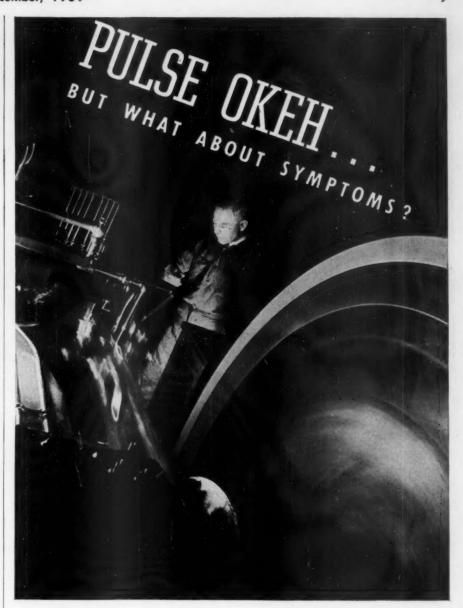
Culture will come West

BEHIND these declamations against property and the "privileged classes" you will often find a hatred of all cultural interests that are not shared by the mob. If a man likes poetry or symphonic music or any diversion above the level of jitterbug syncopation he is likely to be suspect as an enemy of the people.

That is what a radical journalist meant when he said that after the money millionaires have been liquidated the brain millionaires should be disposed of too. The same thought inspired the Russian, Kropotkin, to shout: "We say down with the privileges of education as well as those of birth.'

"Property owning, in so far as it implies the tradition of a culture, signifies inward superiority, it makes a distinction from whole classes of people," wrote Oswald Spengler in his "Hour of Decision." The possession of property, he adds, is generally but the result or the expression of superiority. Resentment toward the man with a better home comes down then to this: It is as much an unreasoning jealousy of his superior mental and emotional endowment or his way of life as it is envy of what these have enabled him to acquire.

Only in this way can the present



An ENGINE throbbing with rhythmic beat . . . delivering its rated horsepower . . . looking fit for hundreds of hours of further going . . . all these outward appearances of "health" are no positive assurance that some malignant condition has not stealthily begun its destructive course.

The discovery of hidden symptoms in power machinery is not usually achieved through casual inspection. . . . It calls for the deep-probing skill of specialists able to draw upon the experience of a long-established company. The same holds true for boilers, pressure vessels, electrical equipment.

Hartford Steam Boiler has been safeguarding and insuring power equipment for 72 years. Eighteen million inspections are its record. This experience in detecting dangerous conditions in their early stages may save your plant from the chaos and losses an accidental shut-down would inevitably cause.

It is this that supports your agent's or broker's conviction that Hartford can, and does, give more for your power-insurance dollars.

· Hartford shop-inspects more than 90% of the nation's industrial power boilers; and covers a preponderant portion of America's insured power equipment.





PASTEL COLORS and chemical resistance are provided in these closures of Bakelite Polystyrene.

SALES ALLURE for quality fishline is achieved by packaging in colorful containers made from black and red Bakelite Molded.

RICH STYLING at low production cost is gained by making this instrument housing from sturdy Bakelite Molded.

SIMPLIFIED PRODUCTION of these colorful paring knives obtained by forming handles from Bakelite Molded.

PERMANENT PRECISION in this microscope is assured by forming the frame to exact dimensions from durable Bakelite Molded.

Launch your new products with superior sales features ... provide finer styling, self-contained color, higher quality...by designing with BAKELITE PLASTICS

Your products are practically pre-destined to win buyers' preference when you utilize the many-sided benefits of Bakelite plastics. They may gain added eye-appeal, short-cuts in production, and improved performance that will put them head-and-shoulders above their competition!

Here are four examples of sales benefits that manufacturers have obtained from Bakelite plastics:

Speedmaster Co.: "Non-static, light in weight yet long-wearing, and easier on belts, our Bakelite Molded pulley originally was designed for exclusive use on products of Continental Machines, Inc. So many orders were received from other concerns that a new company was formed to market the pulley alone."

Lionel Corp.: "Our production cost for one toy item was reduced 83% by employing Bakelite Plastics in place of metals previously used."

Brooklyn Varnish Mfg. Co.: "One market

that we have opened through use of Bakelite Resin is the 5¢-and-10¢ store field. We have sold millions of bottles of our Bakelite resin finishes in this field."

W. G. Shelton Co.: "The use of Bakelite materials for housings of our new Zephyr Permanent Wave Machine cut production costs so much that other important improvements could be made without advance in price."

These and hundreds of other actual experiences of Bakelite plastics users indicate how you may predetermine sales success for *your* products by designing with Bakelite materials. Write for booklet 1, "New Paths to Profits" . . . an easy-to-understand guide to modern plastics.

Bakelite Corporation, 247 Park Ave., New York



PLASTICS HEADQUARTERS



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For the first time, here is a terse, non-technical booklet that gives the A-B-C's of plastic materials in simple, understandable terms . . . what the various plastics are . . . why so many types are used . . . how they are fabricated . . . where and when they offer special advantages . . . and how they are revolutionizing product design to increase sales and cut costs.

Your product designer, too, will find useful information in this booklet. Write today for your copy of "New Paths to Profits", and give names of others in your company who should receive copies.

world revolution from below ever be understood in its true poverty of principle.

Why we have high taxes

CONTRADICTING Thomas Holling in the September issue, E. K. Ramsey, executive secretary of the Florida Tax Revision League, denies that taxes are high largely because citizens in general demand more and more costly and unnecessary services from government.

He believes the Holling theory plays directly into the hands of the spenders. He says:

Analyze any specific item in a governmental budget and the chances are ten to one you will find it is either the result of minority group pressure from those who expect to profit personally from the expenditure, or is the idea of public officials themselves. More often public officials promote a fictitious public demand to justify their position.

Mr. Ramsey goes on to cite two cases in his home city of Jacksonville to prove his point. One was a costly extension of the municipal lighting service by the building of a power line to a neighboring town 25 miles away that already had a power plant. The other was the construction of an elaborate white way system running four miles through the residential district of Jacksonville. There was no public demand for either project, he says.

Statistics on order

WHAT is this "ill-fed, ill-clothed, ill-housed" fraction of the populace? It all depends. For an audience of skeptics, the President's figure of one-third is generally used. Before a group of tender-hearted women the 50 per cent of Secretary Wallace's publicity machine is considered safe. For run-of-mine political consumption it may be Senator Wagner's low figure of 60 per cent or his high of 86 per cent.

But the boldest of all the social statisticians was Huey Long. He placed the under-privileged group at 96 per cent of the whole.

Now comes an attempt to document at least the more cautious of these divergent estimates of "submerged" Americans. The National Resources Planning Board has published a 195-page tome on consumer expenditures. The burden of its gloomy message is that the low-income two-thirds of American families ran in the red \$1,400,000,000 during the fiscal year 1935-36, while the upper one-third was saving \$7,400,000,000.

This is the record "in the aggregate," says the Planning Board. But it doesn't record the many families in the lower two-thirds that by careful management and self-denial do save

something from their earnings—nor those among the upper third who are in the three-generations-from-shirt-sleeves-to-shirt-sleeves group.

Indirect taxes were placed at \$9,-600,000,000 or 19 per cent of the general consumption outlay. For the lowest third this hidden tax load amounted to something like \$1,300,-000,000 which accounts for all of that group's deficit and would leave a surplus of \$300,000,000 barring this item.

The implications in this report show the weakness of trying to prove too much "in the aggregate." It reminds us of Chester Crowell's story of the English economist who was drowned trying to ford the Mississippi River just above New Orleans.

He relied on the government statistics that the Mississippi's average depth from source to mouth and from shore to shore is three feet.

Government gambles

WE, the people, held an auction sale the other day at Hightstown, N. J. We sold a dream of halcyon days in 1933, the remnants of the Jersey Homesteads factory. Once the bright herald of a new cooperative commonwealth, it had fallen to the low estate of something to be knocked down under the hammer.

When the day ended and the sales were added up they amounted to \$7,011. This amount, added to \$4,500 of collectible accounts receivable and an empty building in an open field, is all that remains to show for the \$200,000 cooperative garment factory. The whole community cost you and me \$4,000,000 to resettle 195 families.

Many of the homesteaders already have gone back to jobs in Philadelphia and New York. Other disillusioned citizens of the community are drawing unemployment compensation.

When the project was first announced, Jerseyites hailed it as a great boost for the state. Not the Hightstown farmers and townsfolk. They looked upon it with a fishy eye from the start. But many others felt the state was fortunate. Now they know that these handouts are no blessing. This one has resulted merely in wishing onto New Jersey a band of New York's unemployed.

If a private promoter had obtained \$100 from each of 40,000 citizens and had washed up so completely, the "lack of demand" excuse would not have prevented a hue and cry across this fair land which would have brought out the Department of Justice, the S.E.C., ten G men, and the recommendation of three new bureaus and a Federal Blue Sky Law to prevent such recurrence.

WHAT SHOULD WE DO WHEN EMPLOYEES ASK FOR LOANS?

If one of your employees needs extra cash to meet an emergency, he's likely to turn to you—either for a loan or for advice. Your company probably feels that it should not attempt to act as banker to your workers—that making loans should be left to a lending organization. What, then, should your employee do when faced with an urgent money problem?

Few wage workers can borrow from banks. Most banks require collateral which wage-earners seldom own or co-signers they can't readily get. They can, of course, try to borrow from friends. But their friends usually need all they can earn for their own expenses.

Loans for wage-earners

It is the job of Household Finance to make loans to workers without bank credit. At Household responsible families can borrow up to \$300 on their character and earning ability. No bankable security is needed. No wage assignment is taken. Borrowers obtain their loans in a simple, private transaction.

their loans in a simple, private transaction.

Household's monthly payment plan permits borrowers to repay their loans out of current earnings. Each borrower chooses the payment schedule which best fits his monthly budget. Charges are made only for the actual time he has the money. This table shows typical loans and monthly payments.

AMOUNT	AMOUNT PAID BACK EACH MONTH														
OF	Including All Charges														
CASH LOAN	mos. loan	mos. loan	mos. loan	16 mos, loan	20 mos. loan										
\$ 20 50	\$ 10.38 25.94	\$ 3.63 9.08	\$ 1.95 4.87												
100	51.88	18.15	9.75	\$ 7.66	\$ 6.41										
150	77.82	27.23	14.62	11.49	9.62										
200	103.77	36.31	19.50	15.32	12.83										
250	129.71	45.39	24.37	19.15	16.04										
300	155.65	54.46	29.25	22.98	19.24										

Above payments figured at 235% per month and based on prompt payment are in effect in New York and nine other states. Due to local conditions, rates elsewhere vary slightly.

Families learn to avoid debt

Household Finance believes families should avoid unnecessary debt. So to borrowers—and to others who request the service—the company gives guidance in money management. From Household's practical booklets on money management and better buymanship families learn to save on daily purchases and get more out of limited incomes. Hundreds of schools and colleges now use these publications as texts.

Wouldn't you like to know more about Household Finance service and how it can help your employees? The coupon will bring you further information without obligation.

HOUSEHOLD FINANCE

CORPORATION and Subsidiaries
Headquarters: 919 N. Michigan Ave., Chicago
"Doctor of Family Finances"

one of America's leading family finance organizations, with 261 branches in 167 cities

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Ready for Bigger Things in the Air

In THE development of America's aerial fleets Goodyear rubber is playing an essential role today. Bigger and yet bigger aircraft are being made possible by the steady increase in load capacity of Goodyear's huge Airwheel type tires and tubes that safely cushion the heaviest multi-engined ships in landing and taking off. And Goodyear is the nation's largest builder of lighter-than-air craft — from giant free balloons for stratosphere exploration to the familiar "blimps" seen so often over many of our cities.

This airmindedness goes back to the very infancy of aviation. For nearly thirty years Goodyear has worked hand-in-hand with aeronautical engineers and the military services in furthering the progress of air transport. Out of this long experience Goodyear is ready with carefully engineered and proven rubber equipment to serve the nation's 1940 needs in the air—one more example of the farseeing enterprise that gives Goodyear undisputed title to the greatest name in rubber.



1839 - THE CENTENNIAL OF RUBBER - 1939

Great beyond all other names in rubber is that of Charles Goodyear — discoverer just a century ago of the process of vulcanization that made rubber usable to mankind. To honor him The Goodyear Tire & Rubber Company was named long after his death; from his lifelong effort to extend rubber's utility it takes inspiration and seeks by serviceability to deserve his name.

serve his name.

Alreheel - T. M. The Goodyear Tire & Rubber Company





What Hurts Business Endangers America!

ONE CLEAR LESSON comes from the strife abroad. Aggressor nations are those that are in trouble at home. They are in trouble because political control of the economic machinery has failed. Political control, by sapping management of working capital and freedom of action, has made impossible the production of enough goods and services to satisfy the primary needs of their peoples.

Continued scarcity and privation thus breed a deep unrest bordering on revolt. To forestall a revolution which would throw them out of power, political leaders, whose plans and promises fail to materialize, instigate foreign quarrels to grab real or fancied wealth for domestic consumption.

The object lesson for the United States is that the source of our anxiety is not abroad so much as it is at home.

Out of the smoke and sweat of the depression that hit us ten years ago appeared millions of unemployed. Instead of tightening our belts, working harder, paying the piper for bad judgment, we listened to siren voices which promised an easier way. We adopted an alien philosophy that political control would not only correct the exuberances of the trading spirit, but also bring about greater abundance for all. It was a noble objective, charted for the most part by well intentioned, but inexperienced, planners, and, as such, was given a fair trial. Some, less motivated by the general welfare, set out to make America over, boldly announcing that a "subterfuge" was necessary, that curtailed productivity would make revolution and "reform" possible. To "make business disappear," the Tugwell-Corcoran school began a campaign to bring every part of the machinery of business under suspicion and fear-to open the way for political control.

Federal control through supervision, competition, threats, penalty taxes, has made management unequal to the task of expanding, and of developing new fields.

Instead of encouraging enterprise as in the past, we have not only put reins upon management, but blinders as well. More than 50 new

agencies, clothed with executive power, control the manager's operation from the day the idea is born to the day the label goes on the package.

Political control has spent billions of dollars and added millions of men and women to tax pay rolls. This control has failed to add a dollar to our productive capacity, the longest period in our history with no such addition; it has failed to reduce unemployment; it has failed to relieve agriculture; it has failed to conserve, much less improve, the relations between employee and manager.

Meanwhile there is war.

The combination is a menace to America. We as a nation are determined to keep out of war. But we cannot escape part of its cost—in freedom and in wealth. Already we face more centralized power which is taken from the individual, and the prospect of greater budgets for national defense.

An America gainfully at work is our strongest defense. To get management, men and dollars once more into their old-fashioned American overalls, uncertainties caused by executive bureaus must be eliminated, restrictions upon management must be eased, a movement started toward putting the Government's fiscal house in order, and the petty business baiters interned.

We may fervently pray for another \$80,000,000,000 income. Management can't speed up our business machinery to that point if we deprive it of funds and freedom of action. Washington cannot enjoy the sadistic satisfaction of seeing business managers on the rack and at the same time enjoy the harvest of management's accomplishments. Either one or the other. We can't expect speed and hill-climbing again with the brakes set too hard.

The business machinery, by which men exchange their labor and services, going at top speed, even with a little too much play here and there, is the greatest protection possible against any eventuality of peace or war.

Merce Thorpe



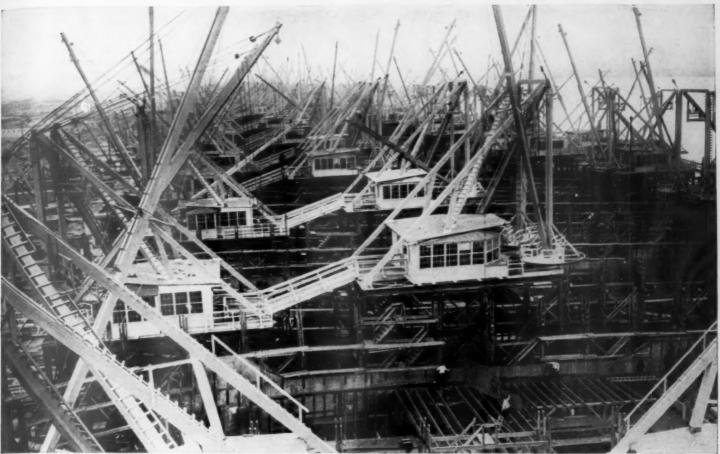


Your friends and neighbors in the telephone company send you best wishes for a Merry Christmas.

Through the holidays, as always, we'll be on hand—doing our best to keep the Christmas spirit in telephone service.

BELL TELEPHONE SYSTEM

NATION'S BUSINESS . DECEMBER 1939



Mass production at Hog Island in 1918. Shipbuilding is virtually a public utility in war time

KEYSTONE

Manual of Arms for Business

By HERBERT M. BRATTER



Statutory provisions enable Government to control electric power resources

SWEEPING powers over business are already on the statute books and would make the Administration a general manager of industry in war time

DETAILED plans exist for mobilizing the nation's industry if war should come. To a considerable extent these plans presuppose the enactment of new legislation conferring sweeping powers upon the executive branch of the Government. Even without such new legislation, however, extensive powers over business in time of emergency or war are already vested in the President and his aides. Some of them are well known. Many, however, have been lying in obscure pockets of the statutes for years. The public may

not remember them, but they are as potent as when first enacted.

In 1933, for example, the country discovered that certain emergency powers placed in the President's hands during the World War were still alive and available for use in peace time. And President Roosevelt used them. This year the debate on the monetary question disclosed that important authority over gold has been vested in the Secretary of the Treasury continuously since Civil War days.

That emergency powers are not being used does not mean that they

Administration has available.

should be overlooked. The possibility,

however remote, that this country may become involved in war, and the Presi-

dent's recent declaration of a state of

"limited emergency" has naturally occa-

sioned interest as to just what latent

powers over the nation's business the

An impressive list of extraordinary

executive powers was transmitted to the

Senate by the Attorney General on Octo.

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This huge stock of army's foodstuffs in war time shows why quantity of government purchases is a powerful price determinant



A washing machine plant may become a plant for making army ordnance

THIS SALOWS

The president may requisition any factory such as this shoe plant and operate it for government use if necessary



The government may condemn and acquire any land needed for military purposes whether it be flying fields, cantonments or factories

ber 4, 1939. Although approximately 100 provisions of law were cited, the list admittedly makes no pretense to completeness. Yet it reveals the broad range of the Chief Executive's authority during war or whenever he finds an emergency to exist. These powers are of direct interest to businessmen.

That the President's powers expand in all directions during wartime is shown by our experience with the last war. This is true even if Congress passes no new empowering legislation upon the outbreak of war, as the War and Navy Industrial Mobilization Plan thoroughly sets forth. Various bills to implement plans for industrial mobilization have been introduced from time to time. Among those at present under consideration is Senator Tom Connally's bill (S.2160), a document of 231 pages.

While the Constitution vests the power to declare war in Congress, the power to wage war rests exclusively with the President. In wartime, therefore, the President is all powerful. He not merely directs the armed forces; he controls almost completely the economic life of the nation. And, it is worth noting, in the President alone, as commander-in-chief, is vested the power to terminate hostilities.

According to Attorney General Frank Murphy: The Executive has powers not enumerated in the statutes—powers derived not from statutory grants but from the Constitution. It is universally recognized that the constitutional duties of the Executive carry with them the constitutional powers necessary for their proper performance. These constitutional powers have never been specifically defined and, in fact, cannot be since their extent and limitations depend largely upon conditions and circumstances. In a measure this is true with respect to most of the powers of the Executive, both constitutional and statutory. The right to take specific action might not exist under one state of facts, while under another it might be the absolute duty of the Executive to take such action.

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These facts are worth holding in mind when surveying the Executive's specific statutory powers during an emergency.

While it is impossible to foretell exactly what our next war will bring to business, it is well to review briefly how the last war affected trade and industry. The World War resulted in the enactment of a series of laws which vested in Washington virtual economic dictatorship. Even before we actually entered the conflict, the National Defense Act of 1916 authorized the War Department to supplement the usual purchases by competitive bids with direct orders to factories in the nature of commands.

Under this law, refusal to give such or-



The president may suspend provisions of law relating to wages of laborers—may waive stipulations of the eight-hour law

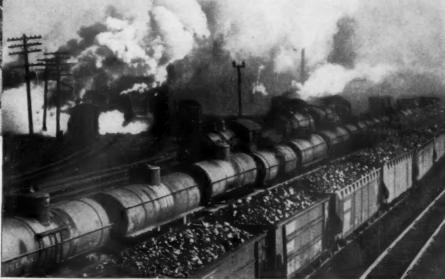


Any securities exchange may be closed by the S.E.C. for 90 days at a time. A commodities trader will have his volume limited



Standing or fallen timber, saw mills, etc. may be condemned for shipbuilding

ders precedence rendered the plant subject to seizure, albeit with subsequent "fair and just" compensation. Later, the Naval Emergency Fund Act and the Emergency Shipping Act gave Washington broad powers to requisition raw materials. The Lever Act relating to food and fuel control gave the Government broad additional powers to requisition supplies, storage

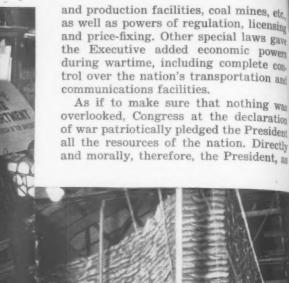


The power to fix fuel prices was upheld in the last war although they were generally fixed at levels to encourage low-cost producers

As if to make sure that nothing was

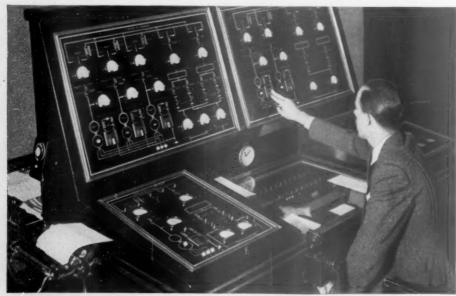


The housewife's grocery bill will be affected by Government's mass purchasing, its priority function, rationing and commandeering



Quota provisions of Sugar Act may be suspended when reserve stocks are threatened

During last war an unsuccessful attempt to popularize horse meat as a beef substitute was made by these market men in Cincinnati



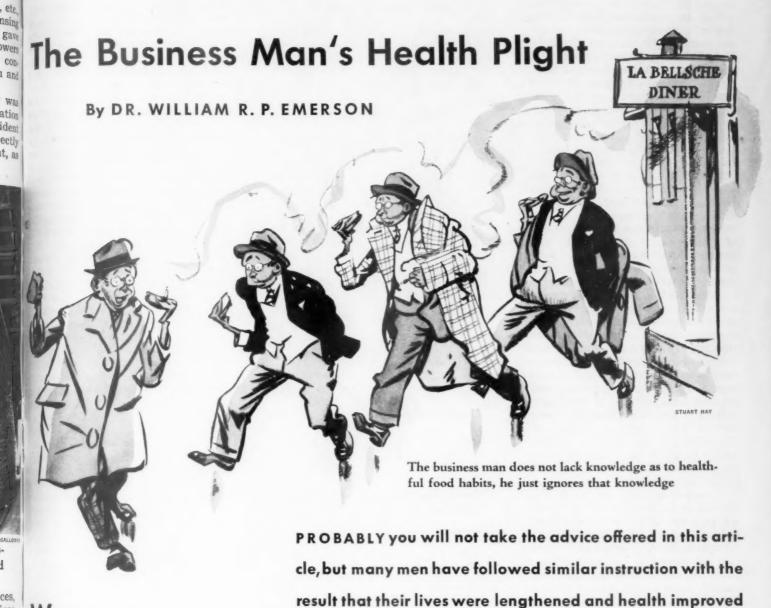
Broadcasting is put under complete control of the Administration when war is imminent or even to preserve neutrality of the nation

commander-in-chief of the armed forces, could command any goods or services needed to achieve victory. Moreover, as the largest and, in some cases, the sole buyer in the markets, the Government exercised tremendous influence over businesses.

Through these and other enactments, the Government became the industrial dictator of the United States. Chief instrument for the application of its control over business was the War Industries Board, a czar-like civilian center which grew out of the Council of National Defense and emerged in the end endowed with many of the President's supreme wartime powers. Before the W.I.B. obtained this executive authority, it operated with the patriotic cooperation of industry and the public, yet it soon became the general manager of American industry.

Directly or indirectly all the nation's business men and industrialists existed for war purposes, and the W.I.B. held them grimly to that objective. As described by Bernard M. Baruch, its chairman, the W.I.B. served to control and

(Continued on page 56)



WITH the entire world on edge and war tension wreaking havoc on taut nerves, the health of business men becomes more than ever a matter of national concern.

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Hardly a day passes without the announcement of crippling heart attacks and sudden deaths of men of large affairs who are in the early fifties-a time when they should be at their greatest efficiency. In fact, after the age of 40, life expectancy is not so great as it was 75 years ago.

The advances of medicine, although they have eliminated most of the dreadful infections such as typhoid fever and diphtheria, have failed to prolong life. Degenerative disease of the heart and blood vessels has more than offset the gains medicine has made. Nor have the amazing discoveries of science helped, because they have made our lives more and more artificial. Nor has education been successful, because the longer we are in school and college the poorer our health.

We should be health-minded, but medicine is making us disease-minded, science, machine-minded and education, indoor-minded. Together they lead us farther and farther from the simple essentials of health-fresh air and sunshine, regular exercise, adequate rest, and proper food habits.

If the business man, through whose efficiency higher standards of living are made available to us all, is to be saved from this unfortunate situation, what will save him?

In the past five years, I have made physical examinations of 430 executives and large policyholders of a life insurance company. Nearly all their physical defects had been found and corrected but they had an average of more than five faulty health habits that showed a systematic disregard of the essentials of health; an attitude of mind that, if practiced in the care of any lower animal, would be not only unintelligent but sheer folly.

All of these men were standard risks when they took out insurance but, at an average age under 45, the majority had become physically unfit. More than half were in the danger zone of overweight. Ten per cent had high blood pressure and as many more higher

They had become substandard risks not by reason of age or of infections, but because of physical impairment caused by faulty health habits. Important as they all are, there is space here only to discuss the most serious faulty food habits-habits on which well-being and efficiency absolutely depend.

John Smith, age 42, came in for a physical fitness examination. He had been a varsity football player but had not continued regular exercise after leaving college and had become overweight. Accordingly, he had reduced his weight and thought his health habits excellent. His food habits were as follows: a light breakfast, a lunch limited to one or two sandwicheswhich he ate at his desk-and as regards his evening meal, he remarked, "At dinner I eat like hell." Asked if he would feed a good horse or any other animal in a like manner, he replied, "I certainly would

Too much for an animal

I EXPLAINED to him that by day he was trying to compete with perpetual motion; that no human being could eat and work at the same time and do justice to either; that taking food in the same tempo as one works, and a heavy meal at the end of a busy day is unintelligent; and that habitual overeating, as indicated by his overweight, is as deadly for a man as for any other animal. I also added that, from the ordinary point of view, he was in good physical condition but as regards life expectancy, he was not only a poor risk but a bad one because of his overweight and beginning of hyper-tension and that it was for this reason the insurance company was offering him, as one of its larger policyholders, our physical fitness service. As a business proposition the company wanted him to live longer in order that it might have his good will and at the same time collect his premiums.

I suggested that he reeducate himself in his food habits by bringing in a list of all food taken that we might check up his daily diet as regards balance, vitamins and calories; that he gradually reduce his weight until he rid himself of the useless paunch he was carrying. I explained that in this businesslike way it was possible for him to add from five to 15 years to his life expectancy and, what was more important, a like extension of his period of efficient work.

He at once enrolled in the group of 199 men who had reduced their overweight from five to 39 pounds each, a total of 1,676 pounds. Seventy-eight of them had also reduced their blood pressures-chiefly by regulating their diet -an average of 18 mm. These groups had maintained the reductions in both weight and blood pressure for periods from six months to five years.

The chief faulty food habits of the 430 business executives, in the order of their importance, were:

1. Overeating.

2. Fast eating.
3. Habitual eating when overtired.

4. Irregular midday meal.

5. Unbalanced diet as regards vitamins, the amount of food (calories) taken at each meal and the excessive use of candy and sweet desserts.

The practical directions for correcting these habits, of which one to five occurred in every case, were:



The average business man is a poor health risk. He isn't sick, he's careless

1. You are to weigh in regularly once a

2. Reduce your general diet so that you lose one-half to two pounds each week. To do this omit all desserts except fruits.

3. Omit non-vitamin foods

4. Keep an accurate two day list of all food taken, including alcoholic drinks, be-cause a cocktail or high ball has a fuel value of an egg or a full slice of bread.

Too much food not only lessens our efficiency but poisons us with the toxins of incomplete digestion. We store fat in great folds over the hips and abdomen; the fatter we get, the heavier the load placed on heart, arteries and kidneys. Death moves a pace nearer. After the age of 35, mortality increases one per cent for every pound of over-

If you are overweight, reduce your food intake sufficiently to allow you to lose one pound a week until you have attained the weight that is normal for you. Sensible reducing is the best possible life assurance.

By following these directions, one of my patients-a famous singer in grand opera-noted for her beauty, was able to retain both her voice and attractiveness for more than five years after the age when most singers are obliged to retire. She weighed herself daily and did not allow her weight to vary more than a pound.

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As for fast eating, stop it! At your wife to help you. She will prob ably do so anyway, but if you antici. pate her, such suggestions will not annoy you. Place your drink out of reach and you will not wash your food down. Take small mouthfule and learn how good food really tastes. Pleasant conversation at meals helps. If these measures are not successful, eat for a time with a coffee spoon and oyster fork and soon you will find yourself eating slowly. Take time for your meals because digestion is always impair. ed unless your food is thoroughly divided and taken slowly.

I was invited to a party by friends recently married. The bride prepared with her own fair hands a welsh rarebit, the worst I had ever met-flat, tough and glutinous. It occurred to me that if I could possibly divide it sufficiently, it might agree with my none too good cheese digestion. Therefore I chewed it until my jaws ached. To the amazement of my fellow guests, I asked for a second serving. No indigestion resulted.

Do you realize that it takes about 150 mastications completely to macerate a piece of steak? If you doubt this, try the experiment and you will appreciate the need of proper chewing. Such complete mastication is not always necessary, because the digestive juices, if given a fair chance, will complete the process.

But rapid eating and bolting one's food is not only baneful but if you are overtired at the time of eating, it is actually dangerous.

Rest before eating

EATING when overtired is the most serious of all faulty food habits. If you eat a hearty meal when overtired, mentally or physically, digestion may stop, gas form in the stomach pressing against the heart and collapse follow. Many cases of so-called heart attacks with sudden death occur from this cause. Make it a firm rule to rest for half an hour before the evening meal. Lie down on a bed, under blankets, in a cold room with windows open. Clothing should be removed or loosened, the face turned away from the light. In this manner maximum nervous and physical rest may be obtained in a minimum time even though you do not sleep. Irritability and fatigue will disappear and you will become refreshed and prepared to spend the evening like a human being. Such a rest period regularly taken is truly a life-saver.

I found that a football team on this program of rest periods ate an average of 500 calories less than when taking the evening meal with an appetite that was ravenous because augmented by thirst and the sensation of fatigue. Faulty food habits ruin the strongest athlete and break down the strongest constitution. The athlete goes stale; the business man as often goes stale, makes wrong decisions and later wonders how he could have been so foolish.

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The midday meal should be taken at a regular time by the clock, because regularity is necessary for perfect digestion. To eat lunch and work at the same time is bad. A full hour should be taken for the midday meal divided as follows: ten to 15 minutes' walk in the open air and sunlight. This will prevent you from eating in the same tempo as you work. Then 20 to 30 minutes for your lunch and another walk before returning to your desk. The noon hour spent in this way provides change and rest in the day's program of activity and makes for efficiency

Walking in the open air is not always possible but you can, at least, lie down on the floor or couch in your office and thus relieve the tension of

Business conferences at the midday

meal should be avoided. Clear thinking is the hardest work we do and work should be done in business hours, not at meal time. If obliged to attend a noon conference, eat lightly before it begins and fruit may be taken later to tide over until the evening meal.

Beware of food fads

DIRECTIONS for a balanced diet proper in amount, in vitamins and in food constituents are fairly simple. The amount of food we should take is best regulated by the appetite-if we approach our food in a rested, normal condition. If overweight, we are eating too much.

We should eat a good breakfast, at least one-third of our daily calories, a fair lunch and a light dinner or supper at night. A good variety should be maintained. The entire omission of staple articles of food tends to unbalance and limit the diet unnecessarily. Sufficient vitamins can be assured by fruits, vegetables and salads.

Food fads are a delusion. One of the most common fads is a diet that calls for the omission of foods that contain both sugars and albumins. Since many of our most valuable natural foods consist largely of these two factors, to eliminate them is a form of starvation.

We should have a practical knowledge of food values. This can be obtained readily by having at hand a list of 100 calorie portions. For example, a pat of butter, five ounces of milk, a slice of bacon, an egg or a full slice of bread each represent roughly 100 calories.

There is no such thing as a diet ideal for all, but there is an ideal way of approaching food.

The problem of the business manfor us all for that matter-is not lack of sufficient knowledge in regard to proper food and food habits, but failure to apply that knowledge in order to escape the inevitable penalty, impaired health, lessened efficiency and a shorter life. I know of but one method of accomplishing this-to budget our daily program, to provide time for taking our food in an intelligent manner.

Social conventions, business appointments, entertaining and most of the factors of our artificial living are against this, but I have found the business man a good patient because success in maintaining health is as much a challenge to his character and self control as business itself.



A Never Ending Hunt for Some-t

By EDITH M. STERN

patent applications are rejected and only one in 200 is issued as originally requested, ingenious Americans continue to flood the it de Patent Office with inventions last

This machine for wrapping odd-sized articles in Pliofilm is a late patent

AVORITE legend of the Patent Office concerns the inventor who could not get a patent on "a method of making a boat waterproof by lining it with pitch" because there had been a "prior use and anticipation of the art" by a gentleman named Noah.

Contrary to the popular delusion, a patent grant neither creates an asset nor mystically safeguards profits. It simply means that, for 17 years, its owner has the right to sue if any one infringes upon —makes or sells—the process or device for which it was granted.

It follows that, since there can be no monopoly on what is already an individual's or public property, what is patentable must be previously unknown. An invention must really be an invention—something new under the sun.

To ascertain what is new is the main job of some 650 highly specialized patent examiners. Housed, where the public rarely penetrates, in rows of little glass and steel cubicles on the six upper floors of the Office's wing of the Department of Commerce, they conduct a kind of treasure

The Nylon field includes 17 patents with a wide variety of uses



A traction engine, granddaddy of the present caterpillar, was patented by John Praul in 1879

One of numerous early sewing machine patents was granted to James Perry in 1858 for this model

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fall hunt in reverse on the assumption that something has been made or used somewhere, sometime, until methodical search convinces them it has not.

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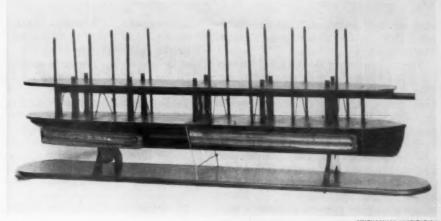
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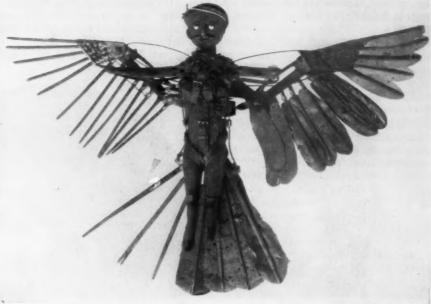
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An examiner's first move is to study the application. It has-if the inventor is wisebeen drawn up by a patent attorney, and includes a description and drawing of the invention plus the reasons, called claims, why the it rates a patent grant. Fearsome and wonderful are some of the applications. The largest ever submitted was for a stockingmaking machine and included 700 pages of printed matter and 176 drawings. It took weeks to understand fully. Another, which was never understood, and consequently rejected, concluded its "full disclosure" with "dactylonomy permitting substantially instantaneous dactyl spanning and manipulation of a plurality of optionally selected manipulative devices in an intrinsically heterogeneous denominational concatenation."

Run-of-the-mill applications are more easily comprehensible to engineering or chemical experts and the examiners' next



Abraham Lincoln had ideas that wandered far from the political field. Here is his patented device for lifting boats over shoals



The result of one of the earliest attempts to build a flying machine is shown by this model patented in 1889 by R. J. Spalding



What may prove to be one of the most significant of modern patents is Polaroid. These two illustrations show same scene, but in picture at right you are looking through a Polaroid windshield visor at a car equipped with Polaroid headlights. Above, you see effect of ordinary headlights



step in their game of Hunt-the-Prior-Invention is to check over United States patents.

There are more than 2,175,000 of them, and were it not for an extraordinarily efficient system of classification, the difficulties of search would make finding the proverbial needle in the haystack child's play in comparison.

Arrangement of patents, described and pictured on uniform sheets of paper, under 305 general and more than 36,000 subclasses makes it possible to locate anything from a toothpick to a cotton picker. Beds, for example, have the subclasses berths, sofas, cots, hammocks and 360 others. Butchering has 145 subclasses which cover everything from devices for beheading fowls to instruments for making tough meats tender.

There are 161 subclasses under fermentation and 173 under carbon compounds, themselves both subdivisions of chemistry.

Even so comparatively simple an article as an umbrella is broken up into folding, suspended, self-opening and -closing, and other subheadings. Patents for shorts with elastic backs are tracked down under the general head

of "apparel" through "nether garments," bifurcated, trousers, waistbands, adjustable or elastic.

New classifications

THE continual alterations of the classification system are an index of changes in material civilization. Parachutes, for instance, which used to be under the heading of fire escapes, now come under aeronautics. Less than 15 years ago there were only two subclasses under razors: today there are 70. Outmoded classes like "calorifics," no longer scientifically acceptable, have been discarded, and new ones, such as air conditioning, are being formed.

Originally the classification scheme was in accordance with trades and industries but then it was found unsatisfactory to put, for example, agricultural plows and snow plows under different general headings because, although new arrangements of old parts are considered inventions, new uses for old machines are not. The current system has principle as the determining factor—hence there are such strange file fellows as burglar traps under the general class of "Hunting, fishing, trapping, vermin destroying devices" and dentists' brushes included with bootblacking and street cleaning apparatus under "Brushing, scrubbing and general cleaning."

With the coast clear on American patents, an examiner proceeds to search foreign. The Office library contains 6,000,000 of them. When the French and German that are part of almost every examiner's equipment do not suffice, two official translators are available for seven other languages. Also, in the Chief Clerk's office is a list of employees who are able to read other languages from Russian to Arabic.

Japanese patents have to be sent over to the State Department for translation but, even so, a Japanese visitor was pleased to note that, unlike the bound volumes of his country's patents in a European patent office, here the books were standing on the shelves right side up.

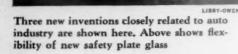
The fact that an invention has not been patented, however, does not mean that it has never been known or used. One examiner found an agricultural process unpatentable when he unearthed, in an 18th century British book, a description of an identical procedure used by the ancient Chinese. Another located a remedy, claimed and honestly believed to be new, in a 17th century pharmacopeia.

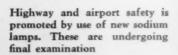
The story that once a lock (Continued on page 66)

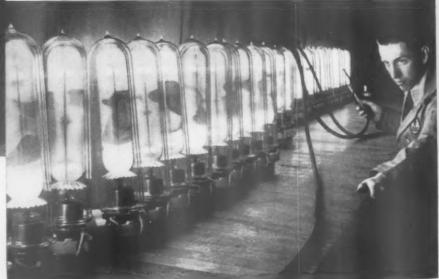


Porosity of new latex cushioning substance is demonstrated by blowing cigarette smoke through material

rated by blowing cigough material (Continued on







The New Subversive Technique

By RUSSELL L. GREENMAN

REVOLUTION can happen here. It has been happening in Detroit since early fall. A handful of automobile workers suddenly decided that they and not the management should determine how much work should be done.

This new subversive technique is called the "slow-down." The term is a euphemism. It is not the opposite of "speed-up." Rather, it is a means for preventing loyal and industrious employees from performing an honest day's work.

What has been happening in Detroit could happen anywhere. The Chrysler management was singled out for this experiment by accident. It was not fighting the C.I.O. It was not bucking the Wagner Act. What the union wanted was not necessarily a change in the rate of output but the power to determine the rate itself.

Suppose your stenographer should say to you: "Mr. Executive, henceforth I am going to take it easy. You can dictate all the letters you like. But I'll just skip every third or fourth paragraph in transcribing them."

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Of course she would deserve to be discharged on the spot. Suppose, however, she was doing this under orders from an outside union organizer. Suppose that, if she failed to obey the orders, or if you fired her for obeying them, the union should throw a strongarm squad around your office and prevent any work from being done at all. This is the sort of situation that has already become a reality in Detroit. If it succeeds there and in other places it may spread as rapidly as did the sitdown epidemic of 1937.

New techniques in labor agitation seem to be contagious. The latest technique, the "slow-down," has a tremendously popular appeal to the uninformed and the perpetually malcontent. Most folks like to get more pay for doing less work until they realize that the net result may be no work at all. That is precisely the situation that developed in the Chrysler plants in Detroit where "slow-downs" began in August.

At first this device was used sparingly and with caution. Here and there an employee would "accidentally" drop a wrench or a spray gun and let a part or two slip by without performing on it his assigned operation. Of course inspectors would catch these mistakes and fix them but this is obviously costly and uneconomic for the corporation. Then such slip-ups became so frequent as to be much more than coincidental.

Operations were stopped

AFTER a while things got to such a state that union leaders in the plant rebuked employees who failed to carry out their part in the deliberate slowdown program. When their supervisors began to discipline them there was first insubordination and then open revolt. This eventually caused enough havoc in the flow of work to make it impossible for the plant to operate.

Whether the ringleaders of the slowdown so intended, the fact was that they disrupted factory operations just as completely as though all employees had sat down at their work or had gone on strike in the orthodox manner. Nevertheless, with transparent irony, the C.I.O. strike commander accused the management of locking out the employees.

What were the motives of the C.I.O. officialdom? What could they have to gain from putting a stop to production at a time when business was booming for the company and for the whole automobile industry? The answer is obvious:

They were resorting to coercion in the hope of forcing management to give them a potent voice in determining production standards, number of employees per operation, and so on. What they sought was joint control with management over Chrysler's manufacturing program.

Union violates contract

THE C.I.O. agreement was due to expire September 30, 1939, about a month after the first slow-down occurred. The union did not wait for the expiration date to start its disruptive tactics. Disregarding the contractual obligations it had assumed in the contract then in effect, union leaders proceeded to hamstring operations at a time when large scale production of the 1940 models was just getting under way. In the agreement between Chrysler and the C.I.O. which had been in force for more than two years, was this provision:

The union will not cause or permit its members to cause, nor will any member of the union take part in, any sit-down or stay-in strike or other stoppage in any of the plants of the corporation during the term of the agreement.

Being practical men who desired to keep the new cars moving off the assembly line, the management showed commendable restraint in coping with the union's tactics. Indeed, it even offered to extend the term of the contract upon its expiration date. When the union presented its demands for a new contract the management entered into collective negotiations.

The real strategy of the C.I.O. leadership was revealed in the draft agreement which it presented to Chrysler officials. Among other things, the union proposed:

Joint determination of production standards by the union and the manage-ment for existing operations.
 Joint determination by the union and

the management of rate and method of output on all new operations.

3. Review and final decision by outside arbitrators on all disputed cases of dis-

4. Abandonment of all piece work except upon approval by the employees involved

or upon the special consent of the union.

5. The substance of a closed shop, the corporation being bound to require all employees covered by the agreement to be members of the union although it could

hire non-union workers if it compelled them to join the union at the end of their first 30 days of employment.

Adding them all up, these proposals mean simply this:

That the union would take away from management its discretionary authority over vital matters of manufacturing policy and procedure; that henceforth a collectivistic or communistic system of factory management would prevail.

At the time the proposals were presented, leaders thought they had the management on the spot. After they

avoid collective bargaining. That they had offered to extend the existing contract, and that, when the union declined the offer, they began negotiations for a new contract.

2. That it could not abdicate its responsibility for attaining efficient production, that it could not consent to "Sovietize" its

3. That it always had been willing and still was willing to consider employees' grievances arising over production standards and to make fair adjustments as and when the facts warranted them.

when the facts warranted them.

4. That the question of possible reinstatement of employees discharged for active participation in crippling produc-

eral and the Chrysler Corporation in particular were notorious for exploitation and oppression of employees, there would be no point to this story. But such is not the case. Neither automobile manufacturing executives nor the great mass of employees in the industry are as ruthless as they have a reputation of being.

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Many Chrysler executives know what it means to work at a bench. Take "Boss" Keller for example. That is what the President of the Corporation is familiarly called throughout the plants. Among other things, he is vitally interested in helping the sons of Chrysler employees, thousands of them, to learn to do what he did superlatively well when he was a kid. He does this by supplying tools and materials for 'teen-age boys to use in learning woodworking and other crafts.

Skilled craftsmen among the Chrysler employees serve as instructors for the boys and do it voluntarily on their own time. They don't do it because "Boss" Keller makes them. They spend this time because they share his enthusiasm for finding useful out-of-school pursuits for the boys to engage in—activities that combine wholesome recreation with practical training for future occupations.

The speed-up is a myth

THE Chrysler plants are not places where men are worn out and discarded at 40 or 50. The feverish speed-up that is supposed to send men to early graves is a myth. The average age of Chrysler employees is well above the level for industrial workers as a whole. About 5,000 men working in Chrysler factories are more than 50 years old. More than 700 are past 65. These men stay on their jobs because they abhor idleness. They are able to continue working and like their jobs. For superannuated and physically handicapped employees who cannot follow their regular crafts there is a special department where men are assigned to light work which does not tax their physical limitations.

Again, if the Chrysler Corporation were a substandard employer the current controversy would be just another private fight. Instead it has become a public row and one which has serious implications for industry everywhere.

Wherever one goes in Detroit he hears condemnation of the union leaders and approval of the policies the management has been pursuing. Talk to cab drivers, to drug store clerks, to the typical man on the street, as I did. You invariably get the same answer. Chrysler employees didn't want this strike. They want to get back to work. They were forced out by coercion. They are being kept out by intimidation.

THE DETROIT situation is symptomatic. For more than four years labor unions have been acutely aware that, through the Wagner Act, the federal Government has effectively hog-tied employers. No matter how unreasonable their demands, the unions have been encouraged by federal statute to force their will on management and employees alike. Meanwhile employers have been expected to refrain even from answering the accusations leveled at them by union leaders.

To be sure, management has the alternative of shutting up shop and waiting for the return of reason in union leadership and in government. When pressed too far, employees themselves will rise up and repudiate the union hierarchy that has taken away their livelihoods. Moreover, the public, which is always the chief victim of labor strife, will ultimately have its say.

had made it impossible for the plants to continue operation, they proceeded to picket the main plant, thus preventing employees unsympathetic with their program from carrying out even the most essential operations. They insisted that, as a condition to letting work be resumed, the management would have to reinstate the slow-down ringleaders who had been purged from the pay roll.

At this juncture federal and state mediators came into the picture. They are without authority to force any particular settlement. Their function, as provided in the statutes under which they operate, is to try to bring about peace. The Chrysler management did not resist their intervention. It entered into discussions with the government mediators and with the union. But on the basic issue—union control of production—Chrysler spokesmen made their position emphatically clear. They said in substance:

1. That the company was not trying to

tion was not a matter for negotiation, as these men were not dropped for protesting against production standards but for failing to do their work and for ignoring the provisions of their union contract setting up orderly procedures for handling grievances.

5. That, with regard to the closed shop demand, the Chrysler Corporation was unwilling to enter into any arrangement which would have the effect of forcing any of its employees to join a labor organization against their own desires.

As this is written bargaining negotiations are still under way. Each side has made minor concessions. Both are standing firm on the basic issues. Meanwhile, 55,000 Chrysler employees are without work or wages. Additional tens of thousands of employees in companies supplying parts and materials have been thrown out of work. The families of 10,000 Chrysler dealers are facing probable loss of income. In Detroit alone, railroad workers, cab drivers, clerks in retail stores, and employees in a host of other occupations are being laid off.

If the automobile industry in gen-

One courageous if somewhat foolhardy woman braved the picket line to tell her story. She is the mother of a Chrysler worker. She blithely joined the picket line carrying a sign reading:

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Chrysler gave you work and a bonus. The C.I.O. took it away from you. Be American. Stop listening to Russian propaganda.

Of course, she did not remain in the line long. A "goon" squad gave her a thorough mauling and she had to be rushed to a doctor for first aid.

Many employees dislike C.I.O.

PLENTY of fearless Chrysler employees have shown their resentment against union tactics. Here is what one employee had to say in a letter to public authorities and to the press:

As a workingman for the Chrysler Corporation for more than 20 years (now employed at Plymouth plant) I wish to protest the actions of the U.A.W.-C.I.O.

This organization through its communistic leanings had made it almost impossible to work for the Chrysler Corporation at the present time, although the corporation, prior to the U.A.W.-C.I.O. advent in Detroit, was one of the very best companies for employment. . . .

Through strikes and other union dis-

Through strikes and other union disputes my earnings as well as the earnings of many thousands of other Chrysler employees have been reduced as follows: In 1936, \$2,300; 1937, \$2,115; 1938, \$1,340; 1939, \$1,425 (approx.).

If the federal Government (not the National Labor Relations Board) will make a careful investigation of this union outfit, it will find that this organization has been one of the greatest detriments to industry, business, etc., that has blighted Detroit since 1937.

This workman was daring enough to sign his own name and address.

So it seems that no one has wanted this strike to continue except the organizers that stand to benefit if they are able to exact tribute from all Chrysler employees by forcing a closed shop.

On the other side of the ledger, the Chrysler strike alone has been costing American industrial workers some \$3,000,000 a day in reduced purchasing power or complete loss of earnings. No wonder business leaders in Detroit, through the Board of Commerce and other organizations, are seeking earnestly to correct the underlying conditions that have enabled a handful of union leaders to disrupt commerce in Detroit and in scores of other communities that look to Detroit as the principal market for their products.

Business men are convinced that the trouble lies in the Wagner Act. Instead of removing causes of labor strife, it has engendered new sources of strikes and labor disturbances. During the past three years, the Board of Commerce points out, "Detroit employees, the highest paid in the world, have experienced more strikes, industrial strife, unrest, lost employment and wages than during the previous 20

years." All this, the Board declares, is attributable to "collective slow-down of workers led by union leaders supported, nurtured, and protected by the Labor Relations Board."

In the Chrysler situation, the Wagner Act unquestionably gave the initial impetus to unbridled union activity. But in the current controversy, the Wagner Act itself is not the issue. The strike was not called in protest against violations of the law. The union has filed no charge of unfair labor practices. The Chrysler management obviously has been trying to comply fully with the statute.

Ever since the Wagner Act was put on the statute books, scores of Labor Board decisions have led union officials and their followers to believe that this law gives them the upper hand over management. Sit-downs, stoppages, and sabotage, they have thought, could be freely engaged in without endangering their jobs. The Board has repeatedly held that the Act protects employees against discharge for engaging in any form of concerted activity either for the purpose of collective bargain-

ing or other mutual aid or protection.

Recently the federal courts have handed down decisions that should go far to dispel the notion that the Wagner Act gives immunity to employees who try, through sit-downs or other disruptive tactics, to wreck their employer's business. But the harm has already been done. Not until it is driven home more forcibly to members of labor organizations that their union cards do not entitle them to use a free hand inside and outside the factories in forcing their desires on management and non-union employees is it likely that an end will be put to the kind of subversive labor strife that has plagued Detroit.

Equitable amendments to the Wagner Act will go far to ameliorate the situation. Meanwhile, employers in Detroit and elsewhere face the unpleasant alternative of virtually taking labor organizers into partnership or standing by their guns until employees determine for themselves that a good job with good pay is more to be desired than union dictatorship over production.

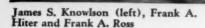
SHOULD slow-downs spread to other communities and industries, every consumer would have to pay in higher prices, inferior quality, and uncertain delivery of essential goods and services. Ultimately, the Government would have to crack down on unions.

Even under existing laws, the Government could put an end to slow-downs if our public servants were so disposed. Is there any one who really believes that the Wagner Act was supposed to protect groups of employees from punishment for deliberate sabotage? Certainly any employer has the right to fire any one who deliberately throws a monkey wrench into the machinery. Why, then, should not management do the same to groups of workers when they are acting collectively under outside union leadership? To these questions the Supreme Court has already supplied the answers. In disposing of the sit-down last February, the Court declared: "We are unable to conclude that Congress intended to compel employers to retain persons in their employ regardless of their unlawful conduct, to invest those who go on strike with an immunity from discharge for acts of trespass or violence against the employer's property which they would not have enjoyed had they remained at work."

Leaders in the March of Business



William C. Sherman





Willard F. Place

Frank M. Mayfield



R. L. Fletcher (right)

WILLIAM C. SHERMAN succeeded his brother, the late John Q. Sherman, as president of The Standard Register Company of Dayton, Ohio, manufacturers of marginally punched office forms. W. C. Sherman joined the firm soon after its organization, took active interest in financing and selling problems, played a leading rôle in pulling it through receivership, floods and ridicule of product as "ventilated" paper. Today he rules over a huge modern factory with a sales volume that approximated \$500,000,000 in 1937, has affiliated factories in London and Ottawa and sales offices in every large city of the United States.

James S. Knowlson, since 1934 chairman of the board of Stewart-Warner Corporation, has also been named as president by his board of directors. He is shown here as a member of the company's newly appointed ex-officio board of control which includes Frank A. Ross, vice president in charge of production and Frank A. Hiter, vice president and general sales manager. Frank A. Hiter, vice president and general sales manager.

R. L. Fletcher, vice president of the Providence Gas Co. in Rhode Island, was awarded the American Gas Association Meritorious Service Medal for his bravery, intelligence, judgment and forceful leadership during the hurricane of September, 1938.

At the age of 43, Willard Fiske Place is the new vice president, finance, of the New York Central System, one of the few \$2,000,000,000 corporations in the world. He has played an important part in the reduction of the Central's ratio of its funded debt to its total capitalization.

Frank M. Mayfield, president, Scruggs-Vandervoort-Barney, Inc., of St. Louis, is chairman of the emergency committee of 36 department and specialty store merchants, authorized by the National Retail Dry Goods Association to act as a protective arm for the public in resisting unwarranted increases in prices.

Slum Clearance by Private Enterprise

By ANNABEL PAXTON



No one wanted to live in these dilapidated old houses shown at left, but when modernized as shown above they met demand for good apartments at moderate rent

PHILADELPHIA'S black belt is being remodeled from a pattern which the Government says won't fit. It doesn't believe that private industry, operating with private capital, can solve the less than \$1,500 a year income earner's housing problem. Arthur W. Binns, however, believes and is proving that private industry can solve the problem.

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Five hundred of Philadelphia's slum dwellings, salvaged and rehabilitated by Mr. Binns, rent for \$3 to \$5 a room per month. With a total expenditure of approximately \$1,500 each, the properties pay their way in taxes, in addition to a profit of not less than ten per cent.

The idea began with a decision made by Mr. Binns ten years ago, to buy some odds and ends in the way of cheap row houses and dress them up for extremely low rentals. This venture a success, more and frequent purchases lengthened the number of houses on the rehabilitation list and shortened the way to profits. But all this wasn't accomplished by magic. Previous years

A PHILADELPHIA builder exhibits proof that private industry can do a high grade housing job for low-income groups and make a profit without government subsidy

in the real estate business had equipped Mr. Binns with a knowledge of the balance between costs and income. Cost of buying the property, plus cost of rehabilitation, he found, should not exceed five times the anticipated gross annual income. Following this rule, gross income, minus total operating costs, taxes and five per cent for depreciation, left an annual net return of not less than ten per cent. Original purchase and cost of rehabilitation amounted to approximately 80 per cent, with condition of the property and demand for low rents rating about ten per cent in importance.

Mr. Binns believes that his plan would work out as well in any reasonably large city as in Philadelphia and that, national in scope, it would restore the nation's sound but depreciated properties to economic usefulness. In comparison with government housing activities, he cites U.S.H.A.'s projects whose tax-free subsidized dwelling units will cost the public an average of \$4,800 each, with rent an average of \$3.33 a room per month, exclusive of light and water.

In addition to the "better than ten per cent" in the profit column of the Binns' ledger, there is a substantial return which cannot be reckoned in dollars and cents or percentages. This is the intangible investment in human values—management practice which places the landlord-tenant relationship on a sound basis. This investment, Mr. Binns contends, is fundamental to successful operation in the field of rental housing. To get a proper perspective of this angle of management he has visit-

ed, in the past ten summers, practically every nook and corner of the United States to find out just how people in the low-income brackets live. To do the job thoroughly, he travels by trailer, using the simplest of camping equipment.

A successful landlord

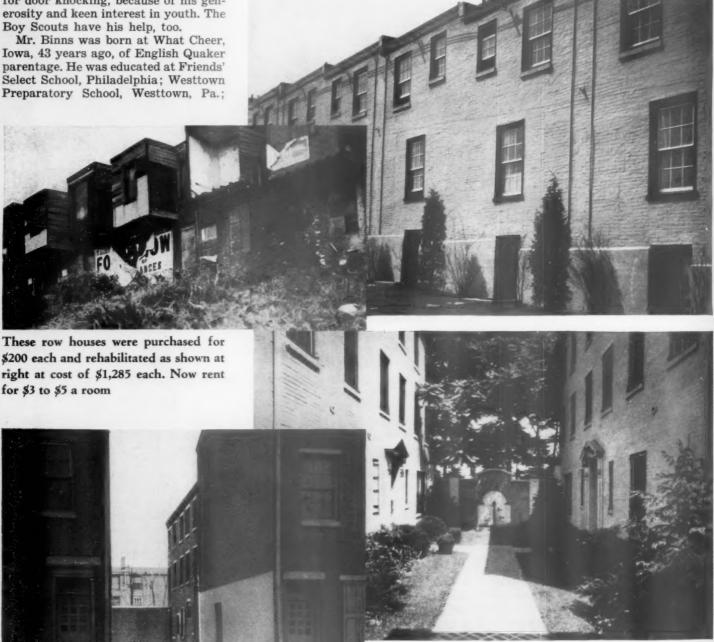
PERHAPS the Binns philosophy of landlordism can be more readily understood from the character of his nonbusiness activities such as the project at State College, Pa., where selected boys are able to get room and board at lower than usual rates because of a cooperative house which Mr. Binns was instrumental in providing. Boys at Nebraska Central College also have been made to realize that opportunity still goes in for door knocking, because of his generosity and keen interest in youth. The

Iowa, 43 years ago, of English Quaker parentage. He was educated at Friends' Select School, Philadelphia; Westtown Preparatory School, Westtown, Pa.; Pennsylvania State College; the University of Pennsylvania; and Drexel Institute, Philadelphia.

Beginning his career as chief engineer of a large Pennsylvania hospital he decided that experience in the construction field, combined with first hand knowledge already gained from his father, who had been in the real estate business, would equip him with a workable basis in real estate. Even then, the demand for better housing in the lower brackets exceeded the supply. In addition, Mr. Binns believed then, as now, that land in itself is inherently sound; that there is nothing wrong with real estate as a business and that, where losses occur, they usually can be traced to bad management or unsound speculation. To him, land is held as a trustee-ship, for the common good of all, not to be used for exploitation or quick profits.

Travelling around the country in a trailer doesn't mean that Mr. Binns neglects charity at home. He sees to it that a remodeling budget includes green lawns and enough shrubbery to provide an attractive setting for a tenant's new home. His rehabilitation activities include plenty of good will, and keeping abreast of neighborhood changes. Good housekeeping by tenants is rewarded by a rent refund once every year. This is not merely a kindly gesture. It acts as an incentive and reduces unnecessary maintenance costs.

(Continued on page 70)



Remodeling of this group consisted of cleaning up, painting, repairing, repointing walls. Bath rooms and electric wiring were installed. Return on investment, 10 per cent



A few of the 6,000 who waited in the snow to attend the public budget hearing

New York's Battle of the Budget

By L. RICHARD GUYLAY

AT 3:18 p.m., July 10, 1939, 18 minutes late, Oswald D. Heck mounted the red plushcarpeted steps of the rostrum in the Assembly in Albany and called the house to order. The Rev. W. E. Springer intoned the invocation.

"Members will please take their seats—their own seats," Ozzie Heck, chubby and goodnatured, proclaimed.

His gavel came down with a bang.

"The clerk will read the title."

Ansley B. Borkowski, an alert man with a bored voice, droned out:

"By-Mr.-Moffat-An-actmaking-appropriations-forthe-support-of-government. The-people-of-the-State-of-New-York, represented-in-Senate-and-Assembly, do-enactas-follows. . . .

He fingered the fat blue covered book of 852 pages jammed with figures.

ng,

MR. HECK: "Read the last section."

MR. BORKOWSKI: "This-



Two special trains brought parents to protest cuts in school budget. Lawmakers fled

FURTHER proof that high taxes and government extravagance can exist only so long as the taxpayers ignore their own power to say how much of their money shall be spent

act-shall-take-effect-immediately.'

Mr. Irving M. Ives, majority leader of the Assembly, jumped to his feet. He defended the Act.

Mr. Irwin Steingut, minority leader, bitterly assailed it. Mr. Ives answered him and then Mr. Steingut answered him. The stenographer's fingers flew over the record.

Mr. Heck asked if there was any other discussion and, noting that there wasn't, proceeded to take a vote.

"All those in favor 'aye;' contrary 'nay.' The bill is passed."

"Whoa!" shouted the minority side almost to a man. "Roll call vote on the bill!"

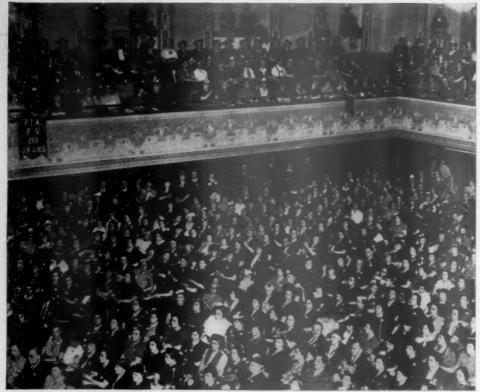
Ozzie Heck grinned like a boy caught trying to get away with something.

"Clerk will call the roll."
"Albro." "Aye."

"Allen." "Aye."

"Andrews." "No."

Eleven minutes later the clerk read the tabulated result and Mr. Heck, this time just a



Finding the legislature adjourned, the parents held a mass-meeting where they made known their demands that school levies should not be reduced



The Westchester County Taxpayers Association, fresh from a successful campaign to reduce county taxes, led the fight against the increase

trifle exultant, crashed his gavel again.
"The bill is passed."

The clock above the door read 3:55. It had taken the Assembly just 37 minutes to pass the 1939-40 budget bill.

But behind those 37 minutes lay the longest regular session of the legislature since 1911, a bitter special session, a high court battle and six months of acrimonious debate. Charges and countercharges filled the air in both houses.

More than 1,500,000 letters were written to legislators by proponents and opponents of the economy program. Mr. Heck said that he alone had received 127,000 pieces of mail. Telegraph officials said the number of telegrams received at the Capitol "far exceeded" the volume of any previous year in their memory.

The majority party lost two of its members through death and a third was to commit suicide three days after final adjournment "because of the stress of the regular and special sessions."

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Something new, dynamic happened in the state of New York in the first half of 1939. A great people were moved emotionally and roused into action as they had never been before. Every city, village and hamlet in the state felt the reaction; it was the subject of crossroads conversation everywhere. The effects were soon to be felt in Washington and in other states.

A fight over finances

OUT of it all developed a clear cut policy of retrenchment in public spending and lower taxes.

On January 31, Governor Lehman submitted his executive budget to the legislature. It totaled \$415,000,000 which made it the highest in history. The Governor said that he knew his budget would be unpopular but that he was "willing to bear the onus."

He proposed \$64,000,000 in new taxes. They were a state tax on real estate of \$1 on every \$1,000 of assessed valuation; a tax on gross business turnover of two-tenths of one per cent, and an increase of 50 cents a gallon in the hard liquor tax.

In his budget he also announced that the state had a deficit of approximately \$31,000,000.

The uprising by businessmen and taxpayer groups that followed the aunouncement of the record high budget was unparalleled in the state's history. It was soon to be matched by a countercampaign of the organized spending pressure groups that eventually developed into a tug-of-war.

The fight against the budget and the new taxes was launched by the Westchester County Taxpayer Association, a group that had just completed a successful effort to cut \$5,000,000 from its proposed county budget. Adopting a slogan "Let the Empire State Lead in Economy-Cut the 1939 Budget," Westchester's fighting tax-busters soon enlisted the cooperation of 400 civic, business, farm, taxpayer and women's groups. Six thousand men and women swarmed all over Capitol Hill for a public hearing on the budget on Washington's birthday. They carried small red axes with the legends "Apply the Ax to the Tax" and "Cut the Budget."

Legislators listened attentively for ten hours as speaker after speaker assailed the new taxes. The lawmakers admitted that the real estate and business turnover taxes were doomed and then began the long search for places to cut the budget.

Genuinely alarmed over the prospect of losing jobs and fat automatic salary increases, pressure groups jumped into action in earnest. Mimeographs turned incessantly spewing out publicity releases and detailed lines of attack for the rank and file back home. Post cards and letters piled high on the legislators' desks and wires clogged Western Union and Postal Telegraph third-floor offices in the Capitol.

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One department head after another gave interviews on the "calamities" that would befall his department if rumored cuts were put through. Subalterns in the field addressed the Rotary and the Rod and Gun Clubs.

A change in tactics was seen in a concerted drive to put the heat on business men who were active in demanding economy. Threats of boycotting department stores by state employees were common. The pressure groups then tried a bit of direct action on the legislators themselves. Assemblyman Harry A. Reoux answered a threatening letter signed by a state employee from the floor of the Assembly by citing the penal code providing for a prison sentence of ten years and a fine of \$5,000 for intimidating legislators and put an end to that. But mutterings of political reprisals at the polls continued.

"If this be political suicide," said Senate Majority Leader and former clergyman, Joe R. Hanley, "so be it! Opponents of the budget cuts are conducting the most insidious and most brutal propaganda campaign I have ever seen during my experience in the legislature. Before you can save state services you must save homes, and farms and business; you must save our men and women first or there will be nothing with which to support the state. Business sanity and business honesty must be returned to government."

Determined to get economy

WHEN the majority announced its draft of a new budget on April 17 it was \$30,050,000 less than the Governor's budget and had eliminated both real estate and business turnover levies. The cuts affected every state department and included a \$9,700,000 slash in state aid for education.

The storm broke out anew around the heads of the economy legislators. But by this time they had set their policy and were not to be frightened into capitulation. If anything, renewed pressure served simply to solidify their ranks and to make firmer their resolve to see the thing through. One department head who objected to the reductions appealed before a legislative committee with fervor and plenty of dramatics. After he finished, one assemblyman turned to his colleague and said, "I wonder if we cut that department enough."

Teacher unions and lobby groups

from New York City swung confidently into the fight. They had scored impressive victories in Albany in the past and had come to believe that they were the most powerful single group in the state. Hundreds of thousands of leaflets were printed and distributed. Petitions were circulated in classrooms; posters displayed in merchants' windows in the vicinity of the schools. They raised a huge war chest and hired a public relations counsel to direct the campaign. Costly advertisements ap-

peared in the New York City newspapers on the theme "Save Our Schools."

But statistics showing the cost of education and teachers' salaries in New York to be by far the highest in the nation were thrown with damaging effect at their arguments both in the legislature and in the press.

Several thousand mothers from New York City were sent, with all expenses paid, to Albany in a mass demonstration. The expedition was carefully

(Continued on page 71)



Heads of the women's clubs studied statistics, reports, records, preparatory to joining the battle against the proposed new taxes



The struggle took on a collegiate note as 3,000 high school and college students marched on City Hall to oppose cuts in educational allotments

Adventures in Business Psychology

By MARSH K. POWERS



ADVERTISING is built on the mass similarity of human nature. If the consuming public did not react as a mass to known appeals, there could be no profitable large-scale advertising.

However, between the mass public which supplies the market and the man or group called upon to formulate a sales-and-advertising plan, human nature of the individual variety forcefully asserts itself. The impact of the character of a single individual upon a plan can prove more decisive than the massed human nature of the buying public.

To me—who lived a part in the incidents recorded here—each episode offered an enlightening insight into the sometimes devious ways in which human nature can expedite, imperil or wreck an advertising-and-sales plan.

Some of the lessons so learned were disconcerting, some disappointing,

some amusing—but all were educational. They have given me helpful "Stop-Look-and-Listen" warning signs to keep in mind when called upon to formulate a plan of action or to give counsel on a proposed procedure.

If you find them informative—fine! If, in addition, they amuse you, so much the better.

1 • Salesmen gummed the works

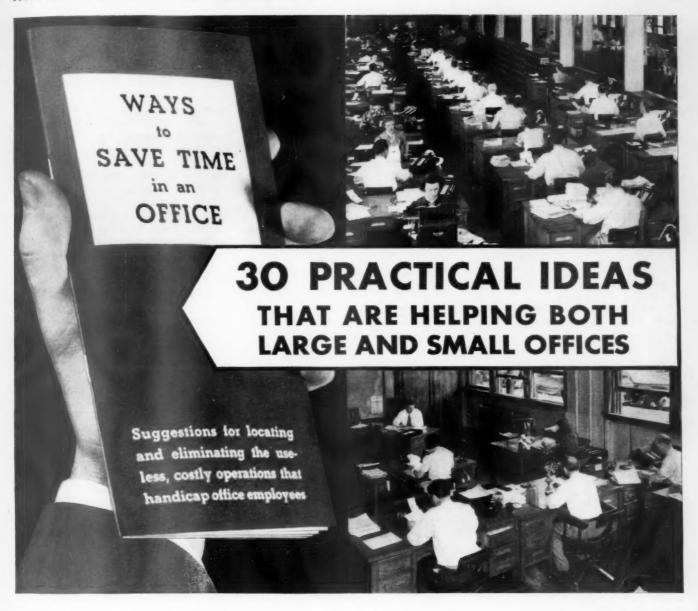
A GOOD MANY years ago the agency which I headed was retained as advertising counsel by a manufacturer of steel office equipment. The company had previously manufactured on a contract basis only but was now ready to bring on the market a line of standard items to be sold through retailers.

Obviously our first task for our new client was a campaign to win dealers. It took the form of two-color inserts in office appliance publications, supplemented by direct mail. Office supply stores were apparently in a mood to welcome a new line and the advertising brought a gratifying flow of inquiries.

At rare intervals one of these inquiries would be nursed into a fullline order. For the most part, however, the inquiries developed into nothing more than random orders for sample cabinets and even these opening wedges resulted in discouragingly little repeat business.

The line was of adequate quality, competitively priced. The sales force was made up of veterans properly experienced in the selection, installation and efficient use of filing and storage equipment. The local advertising offered was of higher grade than was standard in the field and also somewhat more generous.

Why sales should be so backward



Typical Comments by Executives Who Have Read This Booklet

"One suggestion alone enabled us to eliminate a severe peak load in our billing."

"We reviewed your booklet very carefully and have already changed our procedure to conform to suggestion No. 18."

"We sent a copy of the booklet to each of our foreign branches and asked them to use it in checking office operations." One or more of the thirty practical ideas in this booklet may help you eliminate a needless, costly operation that is slowing up the work in your office. Each suggestion is clearly explained and easy to understand. The demand for "Ways to Save Time in an Office" has already necessitated a fourth printing. For your free copy, telephone your local Burroughs office. Or, if more convenient, write on your own letterhead to—BURROUGHS ADDING MACHINE COMPANY 6002 SECOND BOULEVARD, DETROIT, MICHIGAN

Burroughs

was a baffling problem. One group in the management maintained that the paucity of results proved the uselessness of advertising.

Advertising was on the spot but, as it turned out, advertising provided the tip-off to what was wrong. The explanation proved absurdly simple.

An inquiry came in one day from one of the most desirable dealer-accounts in the country. Even to receive such an inquiry was a compliment to a newcomer in the field. By the next mail it was rushed to the company's district sales manager, whose office was in the city from which the inquiry came.

Ten days later, other business having taken me to the city in question, I called on the district manager, anticipating a warm welcome because advertising for which I had been in part responsible had brought him such a choice sales-opening.

My welcome, though courteous, could not be called enthusiastic. Hoping to establish more cordial relations, I mentioned the prize inquiry and asked about his progress with the prospect.

For a moment he appeared puzzled, then nodded comprehendingly.

"Oh, I know what you mean," he said. "The home office sent that on to me. The letter's somewhere around here (he shuffled through the papers on his desk) but I haven't been to see them. Even if they should take on our line, their order wouldn't amount to more than \$3,000 or \$4,000 and that's pretty small potatoes.'

When that conversation was reported to the home office, the trouble was diagnosed.

Salesmen in that organization were being paid solely on a commission They had become so accustomed to a yearly income made up of fat commissions on a few big-volume direct-sale orders-installations in insurance company offices, public buildings, libraries and the like-that small earnings often repeated did not appeal to them. Selling to retailers wasn't the "big business" to which their appetites had grown accustomed. An initial stock order, even from a top rank, large city dealer, represented to them mere pin money as compared with the juicy commission received from a single \$100,000 installation sold direct to the user.

Furthermore, they profited from the contract business whether the factory made or lost money on a job. Since it was of no personal consequence whether they got an equable price for a contract-installation, a large part of their sales pressure was directed against the factory, to win permission to submit lower bids.

That neglected inquiry, however, signed the death-warrant for the old system.

As rapidly as it could be arranged the too independent old timers were either reemployed on a new basis which compelled them to cultivate the dealer trade intensively or, if they showed that they were temperamentally unfitted to that field of selling, they were replaced by men who were more dealer-minded.

Eighteen months later the picture had radically changed. Built-to-order contracts were rarely being entered on the company's books. In their place were small orders from more than 300 dealer outlets. Even before these 300 dealers had been signed, the previous critics of advertising in the company's management had joined in a decision to undertake national consumer advertising.

Had the veterans on the firing line made even a slightly better imitation of cooperation with the home office in pushing the new line, the gap in the sales circuit might have remained concealed too long to save the situation. Without the revision of the remuneration system, the new line would have limped along at no profit and eventually have been dropped as hopeless. General gossip would have chalked up "another advertising fail-

2 • Lead a horse to water . . .

THE MERCHANDISE in this "adventure" was a decidedly unusual gadget which possessed plentiful reasons for appealing to the radio addicts of 1927. However, when called in to devise and recommend an advertising plan, we quickly concluded that the radical novelty of the idea constituted its own greatest obstacle to sales.

As we gauged the situation, only highly aggressive advertising promotion would induce stores to urge the device on their customers. Money was not available to undertake such promotion on a national scale, even though the sales possibilities of a bigcirculation program were alluring.

The only feasible procedure seemed to us to be a zone plan of development and expansion, under which sales territory would be opened up one city at a time, to the accompaniment of newspaper advertising listing the stores handling the accessory.

This was not at all the procedure which the manufacturer had in mind but he finally agreed to finance the plan in a test community—his home city.

A crew of four salesmen was hired, given a comprehensive advertising portfolio which included store display cards, folders for counter and mail distribution, and pre-prints of the scheduled and guaranteed newspaper insertions. Thus armed, they were sent out to get the initial stock orders.

Their efforts proved uniformly successful. Well ahead of the opening newspaper advertisement, enough of the accessory was on dealers' shelves to give promise that the sales plan



How many kinds of life insurance are there?

While there are many different kinds of life insurance policies, there are really only three basic types of life insurance—Whole Life, Endowment, and Term.

These three types of life insurance are sometimes used in a more or less interchangeable manner, where circumstances make it advisable. Each has features which fit it for certain purposes. Through combinations of the three types, life insurance can be adapted to meet the needs of any insurable individual. The examples given below are intended to show a primary need met by each of these types of insurance and to point out certain important features of each kind.*



1. WHOLE LIFE INSURANCE

WHOLE LIFE INSURANCE is designed to provide permanent protection. It is used most commonly when a man wishes to create an insurance estate for his family which, upon his death, will carry them through the period of adjustment, or provide a sum to help make the future more secure.

▶ Let us suppose that you wish your family to receive \$1,000 at your death, regardless of when that may be. To accomplish this, you buy a \$1,000 Whole Life Insurance Policy. Your policy will, let us say, be one of 1,000 similar policies.

Each member of the insured group must pay enough each year of his life so that the total amount paid in will enable the insurance company to pay out, over the lifetime of the entire group, 1,000 death claims of \$1,000 each—a total of \$1,000,000.

▶ In the case of Limited Payment Life Policies, premium payments instead of being spread over a lifetime are concentrated within a shorter period, and are therefore somewhat larger. In either Whole Life or Limited Payment Life Policies, the periodical premiums do not increase as the policyholder grows older, but remain the same each year.

In addition to death payments, a Whole Life Policy also contains other privileges and benefits, which policyholders may, and frequently do, avail themselves of during their lifetimes.



2. ENDOWMENT INSURANCE

ENDOWMENT INSURANCE is designed for a man who wishes to provide for a definitely foreseen monetary need, such as the education of his children.

Let us suppose that you desire an insurance policy that will provide you with \$1,000 at the end of a definite period, say 20 years, or pay your family \$1,000 if you die within that time. To meet this need, you buy a \$1,000 20-Year Endowment Insurance Policy. Your policy will, let us say, be one of 1,000 similar policies.

Experience shows that in this insured group a certain number of people, say 170, will die within the 20-year period... and that 830 of them will still be living at the end of the 20 years. So each member of the group must pay enough each year, so that the total amount paid in will enable the insurance company to pay out, over the 20-year period, 170 death claims of \$1,000 each, in addition to 830 matured endowments of \$1,000 each at the end of the period—a total of \$1,000,000.

▶ The premiums for Endowment Insurance will be higher than those for Whole Life Insurance, because both claim payments and matured endowments are concentrated within a limited period instead of being spread over the lifetimes of the policyholders.

In addition to the benefits available on maturity, Endowment Insurance carries other benefits which the policyholder may elect prior to maturity.



3. TERM INSURANCE

TERM INSURANCE is designed primarily to meet a temporary need, such as assuring extra funds to pay off a mortgage or to cover a business loan, in case of death. This type of insurance provides for the payment of the face value of the policy to the beneficiaries of the policyholder only in case he dies within the period of time specified by the policy.

▶ Let us suppose that you wish your family to be paid \$1,000 if you die within a definite period, say 10 years.

To meet this need, you buy a \$1,000 10-Year Term Insurance Policy. Your policy will, let us say, be one of 1,000 similar policies.

Experience shows that in this insured group, a certain number of people, say 90, will die within the 10-year period. Therefore, each member of the group must pay only enough, each year he lives of the 10-year period, so that the total amount paid in will enable the company to pay beneficiaries 90 death claims of \$1,000 each—a total of \$90,000.

Naturally, the 910 policyholders in the group who will still be living at the end of the 10 years, having obtained the protection they desired, will receive nothing more—except certain renewal or conversion privileges included in some policies.

There you have the three basic types of life insurance. Some people will find one type suited to their needs. Others will wish to have more than one type. In addition, many policies include provisions under which the insurance proceeds are paid out in some form of income instead of in one sum.

▶ Life insurance has been made so comprehensive and so adaptable that, no matter what your specific needs may be, a life insurance program can be shaped to meet them.

COPYRIGHT 1939 - METROPOLITAN LIFE INSURANCE COMPANY

This is Number 20 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. In this advertisement, no attempt is made to consider such matters as dividends, reserves, taxes, expenses, etc. These subjects have been discussed in preceding advertisements, copies of which will be mailed upon request.

Metropolitan Life Insurance Company

Frederick H. Ecker, CHAIRMAN OF THE BOARD Leroy A. Lincoln, PRESIDENT 1 MADISON AVENUE, NEW YORK, N. Y.



might even prove self-supporting on a prepaid basis. When the newspaper advertising appeared, the consumer response was more prompt than we had dared hope. Dealer reorders gave further evidence that we had recommended a sound procedure and we in the agency were elated.

However, even before the day of the first newspaper insertion, I became uncomfortably aware that our client was anything but happy over what was happening. Essentially an engineer and a manufacturer, his previous sales experience had been solely in connection with contract production of automotive parts. The processes and problems of manufacturing were interesting to him but not the mechanics of selling.

As a result, he resented having his place of business transformed from its previous laboratory-like calm into a bustling sales office. He took no satisfaction in superintending his crew of salesmen. Even after their activities began to show profits, he begrudged the time and effort involved in dealing with them. Day by day his ardor toward his new invention cooled.

Finally the week arrived when, ac-

cording to schedule, the sales-crew was to wind up its work in the home city preparatory to repeating its performance elsewhere. Early Monday morning of that week he called me to his office.

As soon as I arrived he announced that he was not going to continue the zone plan of sales development. In its place he authorized advertising in several radio magazines for the next two months to test that method of promotion.

I told him he could not hope to sell his device by mail in profitable quantities and urged him to appoint a sales manager—the best man from the crew—to take charge of the selling activities so that he would be free to concentrate once more on the manufacturing details which he so thoroughly enjoyed.

Neither persuasion nor argument proved effective. The fundamental fact was simply that he was not sufficiently acquisitive to care to increase his income by continuing a procedure that he disliked. Distaste for intensive sales methods outweighed the attraction of demonstrated profits which would have delighted most men.

The substitute program failed. Within 90 days production of the accessory was suspended.

3 • We fling away tradition

LOCAL real estate advertising is not, ordinarily, an attractive assignment to an advertising agency. In this instance, however, the project was the largest restricted residential area in the world. In its physical attributes, its farsighted planning and the volume of its sales possibilities it provided the opportunity for advertising of a character rarely justified in connection with real estate.

When the advertising responsibility was placed in the hands of our agency, our first recommendation collided head-on with tradition. We advised our client that the major part of the advertising be shifted from the real estate sections into the news sections "up front."

Because of the size of the area to be offered for sale (it now ranks as a city, with a population of more than 20,000) we could not be content to tell our story only to that small percentage of families who had definite intentions to move. Our goal, necessarily, was to plant the desire for a new home or home site in thousands of households which, as yet, were satisfied with or resigned to their current domiciles. We needed to get in touch with men and women who at the moment had no interest in the news reported in the real estate sections and no reason to read segregated real estate advertising. It was our job to put them into a different frame of mind on the home question.

For some time skeptics continued to question the wisdom of the change. Fortunately for our recommendation. one of the earliest insertions gave it forceful support. An advertisement of a new residence, under the headline "The Friendly House," set the stage for moving a \$54,000 property into the hands of a business executive who, the morning before the advertisement appeared, would have offered liberal odds that he would be living for years in his recently-enlarged home built ten years before. His design for living was remodeled because the "up-front" position of the advertisement caught his wife's eye.

After the initial series of advertisements which were devoted to selling 12 new residences ready for occupancy, our task became one of selling home sites. In these sales messages particular stress was laid on the restrictions which assured an evenly balanced development in the area. When the salesmen saw advance proofs of these advertisements another wave of protest arose.

"For Pete's sake," they told us,

Effort without freedom is useless



B. E. Hutchinson (left), Chairman, Finance Comm.
Chrysler Corporation
Accepting plaque for a movie on "safety" from A. O. Dietz

"All that we have done in the automobile industry has been accomplished under a system of free competition. If other lines of industry should have more freedom, I believe that they would get along much better. Operation under restrictive conditions results in constriction of effort."

9

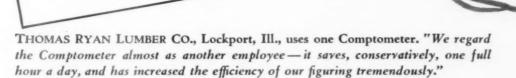
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BRASS TACKS" CONCERNING COMPTOMETER ECONOMY

When business and industrial giants
find "Comptometer economy" so
valuable—how much more important are figure-work savings to
tant are figure-work savings
smaller organizations, where figurework costs represent a much higher
portion of the fixed "overhead"?

The answer is to be found in
The answer is to be found in
statements made by such concerns.
Herewith the fourth of a series of
Such statements from our files:



DUCO-MID-WEST CORP., Kansas City, Mo., uses three Comptometers. "They enabled us to dispense with all other figure-work equipment . . . 'Comptometer economy' saves us about \$1200 annually."

HAMILTON NEWS Co., Albany, N. Y., uses two Comptometers to handle all its figure work. "Our work requires absolute accuracy, and the Comptometer's Controlled-Key and other accuracy safeguards are invaluable to us. We use the Comptometer Peg-Board system, which fills our requirements perfectly."

LINCOLN STORES, INC., Duluth, Minn., uses two Comptometers on ten classifications of figure work. "We have dispensed with all other office figuring machines since discovering that Comptometer accuracy and speed save us better than \$1000 yearly. We are for Comptometers 100%."

If you're ready to get down to "brass tacks" on your own figure-work problems—to learn how much "Comptometer economy" can save you—telephone your local Comptometer representative. Or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago.

COMPTOMETER

Reg. U. S. Pat. Off.



ELECTRIC MODEL K

"lay off the restrictions. We know! We lose sales every week the moment prospects find out they can't build any kind of house they want and can't place it anywhere they please on their lot. That subject is dynamite."

In spite of this opposition, the management approved the recommended

copy.

Occasionally as the months passed a salesman would mildly admit that the copy he had criticized was not handicapping him as he had feared.

However, the ultimate proof came

in the testimony of an officer of the company. From the beginning of the undertaking he had shouldered the unenviable responsibility of approving or ordering changes in the specifications of every new house proposed for the area.

At the end of the first year of the new advertising he volunteered the grateful comment that his task had become a bed of roses compared with what it had been before the restrictions were featured in the ads.

"I don't spend a fraction as much

time as I used to waste in arguing and explaining and justifying the restrictions," he told me.

Once the effect of advertising became apparent, the salesmen changed their tactics. Having observed another demonstration of the time-proven adage that "a strong offense is the best defense," they no longer felt compelled to soft-pedal the restrictions. Instead, they introduced the subject early in their solicitations and held the topic in the limelight until the sale was closed.

Bombs to the Exporter ...

WAR drops bombs into more than dugouts. When German troops crossed Poland's frontier on September 1, 1939, and Neville Chamberlain rose in the British House of Commons on September 3 to declare that "this country is now at war with Germany," those two actions let high explosives fall into the offices of American exporters.

Momentary anticipation of widely expanded demand for American goods was soon tempered by apprehension for the safety of cargoes afloat and realization of the legion of restrictions war would bring into operation.

Let's take a look at some of the problems which war's arbitrary control of economic processes forced on to the desk of the American export manager in September 1939:

- 1. How about my branch plant in France, or England, or Germany? Is that investment in jeopardy? Will the plant be forcibly diverted to war production? Will British and French buying missions in the United States shortcut the operation of overseas branches? And, under whatever neutrality act the Congress passes, will I be able to ship machinery, supplies and material to my branch, even on a "cash and carry" basis?
- 2. How about that shipment, now in transit, of cotton or shoes or petroleum or motor trucks, to one of the belligerent countries—even though on a neutral ship? Is it contraband? And, if seized, what protection do I have and what procedure must I follow? Would the operation of prize courts in 1914-18 give me any guidance?
- 3. And that British blacklist?
 Does it affect my business relationships with my sales representative in South America,
 whose name is on it? Will my
 dealing with him get my branch
 house in London into trouble?
 Will American or neutral ships

freely transport cargo to him?

- 4. This flood of inquiries on my desk from Central and South America. Are they "war babies" that may die a-borning? Are they bona fide inquiries, or are some of these chaps "fly-by-nighters"? What are the chances that these fellows who say they want my line so badly will stick with me once peace comes?
- 5. And what about getting prompt payment for my exports? What are the provisions of these new exchange controls by the belligerent countries? And has the export of raw products from neutral "X" country increased so that I can expect quicker remittances on past, and present, and future orders? Or, is the situation quite the reverse?
- 6. Have I any line on the inventory situation of my leading competitors abroad? Have German importers in neutral markets anticipated the war and filled their available warehouse space with long-lasting stocks?
- 7. Should I change my credit terms in the light of war developments? Should I make a distinction between neutral Europe and neutral America? Will my "old line" customers expect me to carry on "business as usual"?
- 8. This war risk insurance certificate on my desk. Just what risks does it actually cover? Does it cover seizure and detention?
- And our export salesman whom we planned to send abroad. Will the State Department give him a passport to go to Europe—now or a few months later? Where could he travel if the present neutrality bill in the Congress becomes law? And what would be his plight if a neutral vessel on which he was traveling were diverted from

her course and traversed a "combat area"?

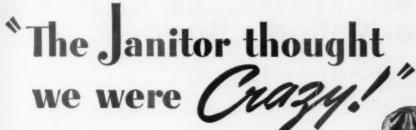
10. And, now, how about the "long look ahead"? If the war is a protracted one, what is likely to be the eventual war and postwar status of my business in and with the belligerent countries? Is it sound policy to drive steadily ahead or must we retrench? And in neutral markets where German and British and French competition has slackened, how deeply ought we to dip into the till to set up expanded sales and advertising programs?

Certainly both hands full of trouble for the exporter? Yet the old timers who lived through the World War period and a couple of post-war depressions take it easily in their stride. If you had done some "lobby listening" at the recent National Foreign Trade Convention in New York City you'd have found an answer-sometimes a variety of answers—to every one of these questions. Certainly there was no discouragement in the ranks of the export fraternity-a group of men, incidentally, who practice interchange of information and experience as widely as any group of business executives in the world.

From the "generals" to the "shave-tails" in the ranks of American export there was one dominant purpose—to get the facts quickly, accurately, and then act. With the Government's Bureau of Foreign and Domestic Commerce geared to an accelerated pace and with a streamlined Foreign Service of the State Department to feed all vital information rapidly to Washington, the exporter is in a much happier position than in 1914. And he seemed eager to plunge into the task of straightening out the difficulties ahead for American foreign trade.

But I am sure if you asked him how quickest to cut the Gordian knot that faced him, he'd have said "through a just peace"!

—E. L. BACHER





And it didn't exactly make sense—throwing away a lot of expensive office forms. But price changes had made them obsolete. What else could we do but bale them up and junk them along with the rest of the waste paper?





2 Of course, junking a batch of forms was nothing new to us. We ordered in large quantities to keep away from "short run" penalties. So, naturally, when forms were changed from time to time, we were stuck with them.



Why, we even used to congratulate ourselves when we could salvage obsolete forms that were blank on one side. We just cut them up for scratch pads—but scratch pads are mighty small salvage from expensive business forms!



4 That was before we started using the Multigraph Duplicator. Now we turn out all our forms in just the right quantities. But that's only half of it—you should see the swell letterheads, bulletins and folders we duplicate. A lot of them in two colors, too. And the way we're saving money makes a big hit in the front office.

Let your nearby Multigraph Man show you the latest developments in office duplicating—its new quality, versatility and economy. The listing in principal city telephone books is "MULTIGRAPH SALES AGENCY." Or, if you prefer, write us direct.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION • Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO

Sales Agencies in Principal Cities

Multigraph

Multigraph Duplicator

Multilith

The Map of the Nation's Business

By FRANK GREENE



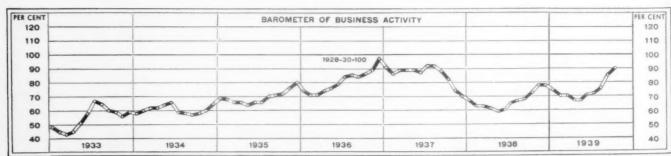
OCTOBER industrial operations saw the September advance continued. Heavy backlogs of orders were left although war business failed to materialize. Steel mills, at 91 per cent of capacity, turned out the largest tonnage in history. Railroad equipment purchases continued heavy as railway earnings and freight traffic reached new nine-year peaks.

Automobile production was well above last year although hindered by labor difficulties at one major plant. Electric output continued to break records, while ore shipments were the largest in 13 years and coal production remained active. Machine tool, aircraft and textile plants neared capacity operations. Cotton exports rose.

Wholesale and retail sales advanced over last year. Commodity prices were rather mixed and trended slightly lower. Bank clearings declined 7.4 per cent from a year ago, while debits were only one per cent larger, due mainly to the downward trend at New York. Security markets experienced minimum trading with slight declines.

Improvement in western areas tended to further brighten this month's map





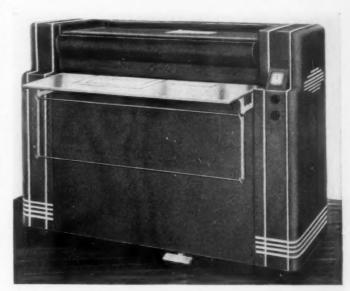
The advance in industrial production which began last June and continued at an accelerated pace during September and October, carried the Barometer chart line to the highest level in more than two years

No Business Can Escape Change

Business' Christmas gift to the public is new products and new services

- A LINE of cooking utensils now made has the advantages of stainless steel—strong, easy to clean, resistant to food stains—yet has a copper clad bottom to give quick, even heat distribution.
- A NOVEL combination mailing folder and picture frame for usual sizes of amateur photographs is mailable as a post card and later is opened to form a desk top easel frame.
- 3 A HAMMER specially designed for use by inspectors of metals, timber, or other hard material is made of a tough tool steel and has places for inserts on both ends so that a company insignia for marking and a chisel or prick may be both available at the same time
- 4 A NOVEL household device for waxing floors has a yarn spreader with a reservoir having a trigger-operated valve on the handle. It is said to spread the wax evenly without requiring kneeling.
- A RIVAL for woodcarving is introduced by a handy gift kit of tools for carving cast plastics. The kit contains a hand-sized electric motor with a wide assortment of accessories and instructions for making costume jewelry, dice, and other pro-
- A NOVEL table lamp for bedrooms or nurseries has a translucent base which glows softly when the light is turned off. The base contains a quarter watt neon tube which is just sufficient to eliminate groping in the dark.
- A NEW model dictating machine occupies only one square foot of floor space. It has concealed correspondence compartments and a disappearing cover.
- LOW-COST movable partitions for subdividing offices or departments in plants are now available. They are made of a light-weight core faced with a fire-proof asbestos-cement material. While only 1% inches thick, they have a high degree of sound resistance. The soft finish may be waxed or painted.
- A NEW electric motor gives a wide range of speed variation from zero to full speed at full load torque and can be operated continually at low speeds without overheating. Remote control of speed is available. It is a squirrel cage motor with a built-in magnetic clutch.
- A NOVEL safety-extension ladder has a work platform with guard rail at top, wheels for transport, folds to half height where an auxiliary platform may be used. It is designed for building maintenance, stock work, and similar jobs in or out
- 11 A NEW emulsifying agent produces stable water-in-oil type emulsions with as little as two per cent of the emulsifier. It can be used in almost any kind of mixture or suspension such as color emulsions, or emulsions of stronger electrolytes.
- 12 FOR businesses whose revenue comes from gate receipts there is an attendance register operating by photo-electric cells. It furnishes an hourly record of count, time, and date. It counts entering persons only.
- 13 A LINE of portable hand vacuum cleaners or blowers is now made with a protective mesh wire screening of motor housing which protects the commutator and confines possible explosions within the housing.

- FOR yachtsmen or coastwise vessels there is a small radio compass unit which saves space by being coupled to and using amplifier and detector circuits of the regular radio telephone equipment.
- A SELF-DISPENSING package just developed for paper cups makes unnecessary permanent cup dispensers and makes practical wider distribution of the cups.
- 16 A FREEZING chest for home use makes possible the freezing of meats, fruits, vegetables and the storage in an adjoining section of 250 pounds of food or more, while frozen.
- AN ALUMINUM warming pan for rolls or other foods has a solid-bottom aluminum basket for inset to keep foods from burning on bottom. It has cool handles, an adjustable vent in top, and is used as a serving oven after heating.



- A NEW type blueprint machine uses a high pressure mercury quartz lamp instead of arcs. It is said to give a speed faster than most arc machines with one-third the current and of course no changing or trimming of arcs.
- 18 A POURING spout for syrup cans has been developed which is easy pouring, easy to open and reseal, and is flat so that closed cans can be stacked. The whole top including spout can be removed for re-use by the consumer.
- 19 A SYNTHETIC plastic having certain properties of both leather and rubber is now available in sheets—colorless, or in transparent or opaque colors—which are adaptable for belts, watch straps, garters, and similar articles. They will stretch to more than twice their normal length; have high strength and light weight.
- 20 FOR CHANGING high light bulbs there is now made a suction cup on a pole designed to change all sizes of bulbs from six to 500 watts at heights up to 20 feet. The suction is easily released when desired.
- STAINPROOF cotton tablecloths that resemble linen are said to be made by coating with a transparent synthetic substance. The cloths are said to be impervious to ink and food stains, can be wiped clean with a damp rag.

 —WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which Nation's Business has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

"CUT THE PAYROLL 10 PER CENT —I NEED A NEW YACHT!"



CAN THIS be a business man talking? You know better. Yet certain groups today are trying to create the belief that this is about how business does talk and act.

Perhaps business could take the risk of disregarding this propaganda—if there weren't so much at stake. But such ideas, if uncorrected, can seriously damage public good will toward a company's products.

A manufacturer may establish the most cordial relations—within his own community. He may pay his employes good wages, declare them in on a share of the profits, and contribute to their welfare in numerous ways.

Many big companies pursue these enlightened policies, and consider themselves amply rewarded in local good will. But local good will isn't what keeps them in business. It is the good will of people in every community, wherever their products are sold. And until a company's good reputation becomes as farreaching as that of its product, a priceless sales asset is being lost by default.

That is why you hear so much earnest talk these days about public relations. "Industry's number one job," it is often called—and, we should like to add, advertising's greatest opportunity.

The Curtis Publishing Company

The Saturday Evening Post . Ladies' Home Journal . Country Gentleman



Washington and Your Business

Storms and Foa

THIS department begs leave to retell the story of the two farmers spending the night in a hotel. One Under the Dome said to the other:

"Step to the door and take a look

at the weather."

Unable to find the light switch, the other blundered through the darkness into the closet in which the hotel man kept his fancy groceries.

"Dark," he reported, "and smells of cheese."

That is what the prophets see in the 1940 session of Congress.

Likely to Be Long and Hot

ABOUT this time of year the optimists by career usually prophesy a short and friendly session, filled with agreement and cut flowers. Nothing of the sort is on the agenda

for 1940. There will be an inquiry into why a nice merchant marine, which had been fattened up at great cost. has suddenly suffered the fate of Mr. Wallace's pigs. The fact that there is a war in Europe will not be a satisfying explanation. A small but angry group of Senators is arranging to find out why the Army and Navy departments are permitting the sale to France and Great Britain of late model planes. They have nothing against the Allies but they insist this is not neutral. They had been assured that an unofficial joint committee of Army and Navy would direct Allied buying into lines which would be useful to the two departments in an emergency. Now they feel that our national interests have been forgotten. The political firmament is filled with hot flashes. The truce during the embargo debate has been thrown in the ash can.

U.S.H.A. Is in for Maceration

ADMINISTRATOR Nathan Straus of the U.S. Housing Authority will be asked to light up the closet in which he keeps his statistics. He says that it costs the U.S.H.A. less

than \$120 a year to rehouse a low income family. Using the same root facts, his critics say that the actual cost is \$218. The last time Mr. Straus faced a congressional committee he was very fast with his figures. In 1940 he will be asked to step closer to the microphone and speak slowly. His critics have been reading up.

Total Cost is Frightening

EVERY one admits that better housing must be provided for some part of the low income group. But the U.S.H.A. program calls for the ultimate rehousing of 17,000,000

families. If his critics are right in their arithmetic, this would compel an annual payment by the Government of between \$3,000,000,000 and \$4,000,000,000 a year. They will insist that this may be as desirable as two Thanksgivings, but that the money simply is not in the teapot. They also say that, if the Government will continue its present payment of 31/2 per cent for interest and amortization, private capital will be glad to do the building, and the Government need not make another capital investment. It now has \$800,000,000 in the housing program and Mr. Straus will ask for more.

Curdling Noted in Mr. Wallace

FEARS are being voiced that Secretary of Agriculture Wallace is turning slightly sour. No one has worn a countenance more determinedly free of all signs of pain than the

Secretary. As fast as he has set up an idea something has come along and knocked it down and Mr. Wallace has kept right on smiling. But he has lately been reported as wincing when Secretary of State Hull drives the steel of reciprocity into his shoulders and there are those who suspect that he is about to take arms against it. Some credit is being given this story although it is completely out of Mr. Wallace's character. He may resent the rude manner in which his presidential aspirations were slapped down.

Hon. Josh Lee **Under Fire**

ONE of the gyrating atoms in the Upper House will certainly be composed of Sen. Josh Lee of Oklahoma and his bill providing for the ex-

propriation of wealth. This bill provided one of the most engaging episodes of the 1939 congressional session. If it were to become law the President would be authorized to take from each solvent person a share of his solvency in the event of war. Only a few perfunctory meetings of Mr. Lee's Military Affairs Committee were held on it, no one of high consequence approved it, and the minority report against it was one of the most blistering on senatorial record.

But Lee's Bill Is on Calendar

TREASURY, War and Navy opposed it. Bankers declared that an attempt to realize on wealth to meet a governmental demand under the Lee bill would wreck the country

overnight. Yet the Senate placed it No. 24 on the calendar and it "might be passed on the second day of the 1940 session" according to one of Mr. Lee's colleagues.

"It would be passed if some day the Senate had the war pangs in an aggravated form.

It is, of course, a fact that the Lee Bill is a revenue measure and revenue measures may not originate in the Senate, and so it must be tacked on to some other bill.

Old Folks are Marching On

JUST to make firm one's grasp on unreality it is reported that some kind of an old age pension bill is not impossible of passage in 1940. The Magnussen bill, which was referred

to Ways and Means in the House, has 130 of the 218 names necessary to bring it to the floor. Members from such states as Ohio and California, which have been threatened by 1939's ham-and-eggers, might back a federal bill to get the pressure off their own necks. Conservative congressmen have said that the Social Security Act may be amended. Precise number of annual billions needed not stated.

Do Not Worry Over Mr. Hull

REPORTS have been prevalent that Secretary of State Hull has been a sick man. They may be dismissed. Mr. Hull is not sick. He works more hours than any two men on relief

in his effort to get his reciprocity program through. He is

nly

is is of "Unforeseen events . . . need not change and shape the course of man's affairs"



BURGLARY BREWIN'

This sly young fellow is sizing up his chances for a successful raid on *somebody's* camp larder. Just as even now a thief may be eyeing your top coat, your wife's furs, the Christmas gifts in your locked car or the wallet in your pocket.

The ordinary residence burglary policy protects you against loss only when valuables are stolen from your home. But, if your burglary insurance is written to include the new Maryland extended protection against theft "off the premises," you need not worry. With this provision in

your policy, you are assured greater peace of mind and are covered against many additional loss hazards.

Born thieves seldom reform . . . it is sound judgment to be prepared for them. If your insurance does not protect you against burglary, theft and hold-up both at home and away from home, ask the Maryland agent about this added coverage. He will gladly explain, too, the protection available to you in policies covering your store, factory or office. Maryland Casualty Company, Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland agents are equipped to help you obtain protection against unforeseen events in business, industry and the home.

mildly interested in his political future but wholly interested in reciprocity. The only sign of wear and tear is that he loses his temper when it is assailed. Assailing promises to be fairly constant and quite hot in 1940.

Hopkins Comes to Town Again

HARRY L. HOPKINS of Commerce has not only recovered most of his lost health but, during his period of enforced seclusion, has been getting informed on what commerce really

is. No one has ever suggested that Mr. Hopkins is not dynamic, not to say turbulent, when he gets interested in a job, and he has more of Mr. Roosevelt's liking than any other of the inside set. It is just possible that he might try to make the Department of Commerce some part of what it used to be. At present—

Pass on to the next platform.

Surprise for the Doubters

REPORTERS conversant with what happened at the meetings of the War Power Policy Committee state that Secretary of the Interior Ickes displayed a tendency to be absolutely

played a tendency to be absolutely fair toward the utilities, and that Jerome Frank of the S.E.C. rather savagely called the attention of Leland Olds of the F.P.C. to certain defects in his treatment of utility law and finance. Also noted that Mr. Ickes, who wants all federal utilities in his basket, and Mr. Carmody, who has swept many of them into his sack, are not agreeing in a most picturesque style.

N.L.R.B. Hoping Against Hope?

THE National Labor Relations Board would, it is said, like to bring the baby home and forget the past. Dr. William M. Leiserson, shifted over from the Railroad Mediation

Board, has proved to be an emollient influence. There have been shifts in the personnel and some of the former employees who had made much of the trouble were dropped. Operations have been speeded up and a change in the rules gave employers at least a bit of a break. The Board makes no secret that it hopes Congress will not touch the law. No one can wonder at that because, under the law, the Board can do about what it pleases.

Slow-down Has Gummed Cards

THEN the slow-down strike in the Chrysler works came along. This has been traced directly to the Board's 1938 ruling that workmen must be reinstated who had held up

production and had been fired in consequence. This was after the sit-down had been held illegal. The Chrysler slow-down cost the community \$3,000,000 a day in buying capacity and was manipulated by a mere handful of men who were seeking to gain control of the factory management. It is believed that congress will give N.L.R. Act a strenuous working over.

Labor Leaders Still Hostile

IT is urged that, if rules are established by statute for the guidance of the Board, it will be at least a step along the reform path which has at its end the reduction of all

executive bureaus to a law-abiding status. The Board insists that employers are showing a greater friendliness since it began to manifest a modified love for them but no one suggests that the two great labor organizations will cooperate if cooperation involves cooperation with each other. No one seems to regard Mr. Lewis's advertised fury at the New Deal as anything more than trading stamps. The suggestion is that, when he gets his eyebrows into their full R.P.M., whatever it is he wants will be given to him.

Sound the Loud Tocsin

SEN. JOSH LEE is not the only senator who can think up trouble for the American dollar, and who will thereby get in the congressional news in 1940. Senator Bone of Wash-

ington not merely introduced a bill to "take the profits out of war" but the bill was signed by 49 other senators. There are only 96 in the Upper House. It has not yet been reported, but if, as, and when it becomes a law, manufacturers might resume the practice of jumping out of windows. It is a simpler, tougher and more understandable bill than the one offered by Senator Connally of Texas. Maybe not tougher, after all.

This Goes Back for Annealing

CONNALLY'S bill is "to provide revenue and facilitate the regulation and control of the economic and industrial structure of the nation, for the successful prosecution of

for the successful prosecution of war, and for other purposes." Mr. Connally has called it back for revision, a matter which might keep him busy until the session starts, because it has 231 pages, six parts, three subtitles, and 15 supplements, with enough provisions for double and twisted new taxes to drive John W. Hanes, undersecretary of the Treasury, quite mad. An admirer states that in the 1940 yip-yip handicap Mr. Lee rules favorite, Mr. Bone carries the place money, and Senator Connally is a doubtful starter. This department deprecates all forms of low humor.

Moral: Do Not Keep a Dog

INDICATIONS are that the questionnaires for the 1940 census will be higher, wider, deeper and more detailed than ever before. This will permit the employment of many

more young men and women. It recalls the allegation that in Germany the owner of a dog must fill out five forms to get his dog's meat. If the dog dies he fills out nine.

No Comfort for Stuart A. Rice

IN this there is no solace for Dr. Stuart A. Rice, head of the Central Statistical Bureau. The idea back of the Bureau, apart from the discovery of jobs where jobs had never

bloomed before, was to find some way to moderate and decrease the output of forms, queries, blanks, questionnaires, and other statistical whatnots. No doubt Lake Erie could be baled dry with a dipper, but it never has been

Congress Also Slowing Down

REASONABLY unprejudiced observers report that Congress will give hearty support to the national defense program, unless the European war dies on our defenders, but

that it will not cheerfully grant the huge sums previously given for social-minded enterprises. The congressmen have been hearing from home. No prospect that taxes will be tilted in 1940.

None for New Hydro-Plants

THESE assertions are given some support by a man in a position to know:

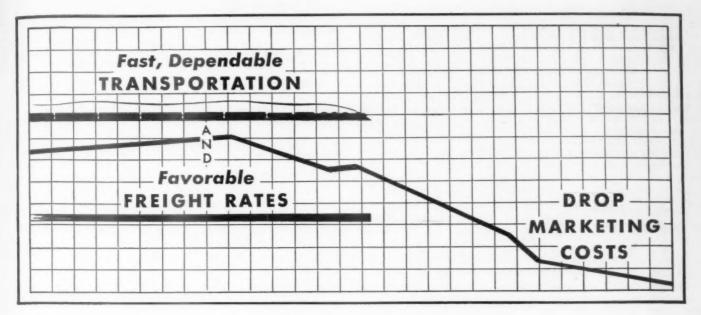
"The President," he said, "will not ask for money for any new hydro-

plants. He knows he would not get it."

Which Brings Up a Question

THE St. Lawrence power-andwaterway plan will be put before Congress, but the man previously quoted does not think it will be pushed:

It is reported that Great Britain has offered to give Canada some or all of the money needed for the Dominion's share of the St. Lawrence project and that, in consequence, Canada has



...and Industry enjoys

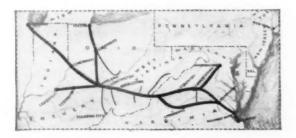
EXCELLENT TRANSPORTATION FACILITIES

in Chesapeake and Ohio Territory

Speed, favorable freight rates and dependable service are essential factors in the economics of marketing. Chesapeake and Ohio Lines—"The Road that Service Built"—has an enviable reputation among shippers in its territory: Virginia, West Virginia, Kentucky, Ohio and Indiana.

Running east and west through the heart of these states, Chesapeake and Ohio rails bring key cities of the east, midwest and south within first to third morning delivery of almost any point in the territory. Numerous strategic connections with other major railroads facilitate rapid delivery to any point in the United States. Heavy traffic and scheduled merchandise freight of every sort make demands on Chesapeake and Ohio service—demands which are scrupulously met by intelligent personnel operating a railroad plant and equipment second to none.

A great variety of industries have found that location in Chesapeake and Ohio Territory has lowered their production costs; for, besides excellent transportation, this region provides available industrial sites, easy access to raw materials, abundant native-born labor, cheap power and the benefits of business-minded legislation.



THESE ADVANTAGES

are but the fundamentals of many favorable conditions making Chesapeake and Ohio Territory an economic field of operation for many industries.

- RAW MATERIALS of many kinds; abundant, near at hand, economically secured.
- INTELLIGENT LABOR—native-born; largely skilled in a diversity of industries; well housed; peaceful and cooperative.
- NEAR TO MARKETS—major consuming areas within first, second or third morning delivery.
- EXCELLENT TRANSPORTATION—favorable freight rates and dependable service keep markets and manufacturers in economically close touch.
- CHEAP POWER—abundant coal, oil, natural gas and hydro-electric developments assure this region of unlimited power at most economical costs.
- COOPERATIVE LEGISLATION—Industry is king in Chesapeake and Ohio Territory, and the legislatures of the five great States in which it lies are friendly toward the needs and aims of enterprises they invite and those they already have.

What do you seek in a more advantageous location? Complete and impartial factual surveys for your specific industry will be furnished on request. All inquiries will be held in strictest confidence. Write

GEORGE D. MOFFETT, Industrial Commissioner CHESAPEAKE AND OHIO LINES, Huntington, W. Va.

CHESAPEAKE and Ohio LINES

expressed a willingness to consider the necessary treaty. But the St. Lawrence power could not be available for at least four years, by which time the war must be over. Under the circumstances G.B. has better uses for her money. The offer may be set down as a friendly gesture.

25 at the Wishing Well

TWENTY-FIVE Republican congressmen, selected for their proven ability as readers of the tea leaves, report their opinion that, if Mr. Roosevelt is not renominated, Paul

V. McNutt will be the democratic chief in 1940. Other possibilities mentioned were Garner, Hull and Douglas, one each.

Bad Debt and Worse Debts

UNOFFICIAL testers of sentiment do not believe that the Export-Import bank will get any considerable money grant for use in South America. Congress has become un-

comfortably aware that the debt-paying record of the Latin-American states is almost incredibly bad, and several of its more influential members will suggest that, if money must be thrown away, there are plenty of good targets at home. The State Department, however, will be as clamorous as it knows how to be in asking for Export-Import money. It will, however, be called on to face a charge that, in making trade agreements with S.A. countries, it has invaded the treaty-making power of congress and that they are therefore unconstitutional.

This is the Spy Census

GRAPEVINE operators report that the spy situation is well in hand. The plan for the cooperation of all government investigative agencies is working well under the direction

of J. Edgar Hoover of the F.B.I. About 20 boss spies have been ear-marked for direct action if they get too energetic. There are several hundred second-string spies—most of them known—and many more or less fat-witted underlings. There is admittedly danger of occasional sabotage, but it is thought that factory foremen can take care of all that. No cause for alarm.

Sounds Like Mr. B. Baruch

BUSINESS men should be interested in learning that the Industrial Mobilization Plan, as prepared by the War and Navy Departments and signed by Assistant Secretaries

Louis Johnson and Charles Edison, has been printed as a ten-cent public document. Two quotations of particular importance may be made. The first:

Entirely new and separate agencies, directly responsible to the President, should be created for industrial mobilization in time of a major war. Reliance should not be placed in existing governmental departments and agencies. . . .

The evident intent is to guard against the creation of a permanent machine set in a permanent frame. The second quotation is:

The personnel to fill places of responsibility in the War Resources Administration should be obtained from the patriotic business leaders of the nation. They must be men who command the respect of the American people, as well as capable executives, thoroughly familiar with our resources.

This would seem to leave no place for men who are not rated as business leaders and capable executives.

Fever Seems to be Moderating

THE sentiment of Congress was so definitely against our involvement in war that the fears of a few weeks ago seem to be almost forgotten. But it must be admitted that some-

thing might happen, especially if the war drags on for a time. Business men may learn from a study of the in-

dustrial mobilization plan just what they will be called on to do if the trap catches us. Hidden in it is what might be considered a warning:

(It might be desirable) to create a new and entirely separate agency to deal with the problem of rehabilitation after the war:

Decision as to the organization and composition of such an agency will depend upon personalities, the degree of rehabilitation required, and political and economic factors which would then obtain

Report on the Wage-HourChief

EARLY report on Col. Philip Fleming, U. S. Engineers, who took Elmer Andrews's place as wagehour administrator, is that he is courteous, hard-boiled in a nice way,

and not a crusader. One of the reasons why Elmer Andrews was pushed out as administrator is that he could not get along with Miss Perkins. Another reason is that his bureau got into a tangle with its home work.

Here's the Pat of Approval

ONE of the bright-eyed young men who have been helping the T.N.E.C. drop bees down business collars said the other day:

Some of our industries are almost incredibly stupid. But the automobile industry is all right. We have been looking it over and we cannot see a place in which it could be improved. "Selah."

One of Those Quaint Ideas

SEA-LABOR will lead a fight when Congress reconvenes to reopen belligerent waters to American shipping. Reason is, of course, that thousands will lose their jobs if

American ships are tied up during the hostilities. Great Britain will, it is assumed, take over the desirable routes for the operation of which the U. S. has put out millions of dollars in subsidies, and there may be room for Americans on the British ships.

The seamen say they like pay and conditions better on American ships and do not want to change flags. They will also urge that it is a quaint idea to build up a merchant marine at tremendous cost, on the plea that it will be of value in war, and then put the ships out of commission when war really threatens.

300,000 Prices Can be Wrong

OBSERVERS of the Bituminous Coal Division (successor to the Bituminous Coal Commission) are being reminded of the wrestler who tied himself in such a complicated

knot that the referee ruled he had won the fall from himself. Up to date the Division has discovered something like 300,000 coal prices to adjust.

The Commission's job as prescribed in the Guffey Act is to consider all the factors of coal production and marketing—quality, distance from market, paddleboat, truck or railroad transportation, machine cutting vs. tool sharpening, christening feasts, market demands ranging from baseburners to coke ovens, competition from oil, natural gas, and electricity—two books could be filled with factors—and fix prices that would be absolutely fair to every one.

The B.C.D. has been holding hearings that are just as intelligible in gross as Chiang Kai-shek's evening hymn. Most of the industry, so far as this corner is informed, think the Guffey Act in its present form is entirely unworkable.

Herbut Cores

On the Marketing Front

Radio not displaced . . . Toys and war spirit . . . Insurance and realty

Television's Dilemma

FIVE months of intensive advertising and widespread publicity have resulted in the sale of less than 400 television receivers in the New York trading area, Harry Boyd Brown told the recent Boston Conference on Distribution. As national merchandise manager for Philco, Mr. Brown is interested in television and sympathetic with it. He thinks that technically it is developing as rapidly as radio did in the early 'twenties. But he doesn't believe it will be a factor in the distribution of goods for at least two or three years longer—and maybe more.

In time television may become a leading advertising medium, in Mr. Brown's view. It will tend to perform en masse the function of individual demonstrations in selling. Successful politicians of the future, even more than today, will have to be glamour boys. But that's all rather far ahead. For the present, radio is in no danger of being supplanted. About 60 per cent of radio programs are not adaptable to television. Most radios now being manufactured are equipped to receive television sound. The owner of this kind of set has only to buy a straight picture televisor to use in conjunction with his radio receiver.

Speaking at the same conference, O. Fred Rost, editor of Radio and Television Retailing, pictured television as stalled in a vicious circle. It cannot progress as an advertising medium until it has circulation. Circulation means the sale of sets and people won't buy them until good programs are available. But good programs cost money, which must come from advertising revenue.

advertising revenue.

Mr. Rost believes that motion pictures will provide the principal source of programs. But it is unlikely that the movie industry will contribute to a type of competition which if successful would entertain people in their own homes. Original film presentations capable of competing with the movies would be highly expensive, which gets back again to the circle

Fashion Note

FROM an advertisement of H. J. Nicoll & Co., London:

Specially designed gas protection costumes at the reasonable price of 40/-. This outfit is made of pure oiled silk and is available in dawn, apricot, rose, amethyst, Eau de Nil green and pastel ink.

The wearer can cover a distance of 200 yards through mustard gas, while a great advantage is the fact that the suit can be slipped on over ordinary clothes in 35



seconds. The outfit is equipped with elastic bands at the wrists, ankles and waist and a special pair of mittens is supplied, while the hood is designed to cover up the head space unprotected by the ordinary gas mask.

Even in an air raid it seems the ladies must wear the right thing in the right color. But the war has put the frown of fashion on red finger nails, according to Edna Woolman Chase, editor of Vogue, who recently returned from "over there." A sign that perhaps the sacrifice to Mars shall not have been in vain.

Wooing Rural Markets

IN a page ad in metropolitan newspapers *Country Gentleman* contributes a thought to the persistent debate over City vs. Rural Markets:

. . . 40 cents of every dollar spent at retail today is being dipped from country pockets. Then put beside this buying power the political power of these country folks. Remember that our agricultural communities elect more than one-half the members of your Congress.

A fact obscured by urban sophistication but one that every practical politician understands. It has been said that 52 per cent of our Representatives in Congress come from districts that have no cities as large as 50,000. That's an important factor to consider in good will advertising by large corporations.



Tin Soldiers Under Fire

CROESUS advised the ancient Persians to cultivate acceptance of their rule over conquered Lydia by bringing up a generation of Lydian boys in girls' dress and

without access to arms. Perhaps the Parent Teachers Association had that precept in mind when they recently deplored the use of tin soldiers and other warsimulating toys as tending to excite the combative instinct in children.

Dealers report that since September 1 an occasional mother has turned thumbs down on military toys. Sales are not affected noticeably as yet but the bulk of the toy business is Christmas seasonal.

Early in October 1,200 tons of German toys reached the United States in a Dutch ship. Germany produces many toys of high quality and distinctiveness. Up until the advent of the Nazi regime it was the principal source of American toy imports. In 1929 our toy imports from the Reich amounted to more than \$3,000,000 but they have declined until the figure for 1938 was only \$443,000. Japan is now the chief exporter of toys to America, to the amount of more than \$1,000,000 a year.

A Washington daily's Inquiring Photographer asked five persons the question, "Would you buy German toys for Christmas?" Four of them answered "yes."

Insurance Makes Good in Realty

LIFE insurance companies as well as agencies of the federal Government are in the real estate business as an aftermath of depression. They are trying to liquidate properties acquired through mortgage foreclosures.

Operating, improving and selling farms is far removed from the business of life insurance and has called forth new talents in selling. Previously all these things had been done through agents who were professional real estate men, but foreclosures during the hard times were on such a large scale that the situation called for realty departments in some of the large companies.

The Penn Mutual owns so many farms in Missouri, for instance, that it issued a large booklet of listings for the state, arranged by counties. The booklet contains no promotion for life insurance, although it is understood that purchasers of Penn Mutual farms who give mortgages are required to carry minimum amounts of life insurance. The Federal Land Banks are inclined to sell their farms "as is," while Penn Mutual improves them and holds for satisfactory prices.

Aetna has been conducting an advertising campaign in daily newspapers and country weeklies to sell its farm properties.

It is built around the slogan of "giving the farms back to farmers." But the word "giving" is something of a flourish, as Aetna farms are selling rapidly and profitably.

R. H. Macy & Co., New York's big department store, where "no credit" has so long been such an unvarying rule that 200,000 customers opened cash deposit accounts in order to purchase against them, has started selling merchandise on the instalment plan. The minimum instalment purchase is \$23. Down payments are either 10 or 20 per cent and the instalments are spread over periods of from four to 16 months.

-FRED DEARMOND

MAN TO MAN in the MONEY MARKETS

By CLIFFORD B. REEVES

Stocks Now Safe From U-Boats

UNDER ordinary conditions, when British holders of American securities wished to sell

them, their certificates were shipped by steamer for delivery in America. When war began, however, the shipping of certificates across the ocean involved serious danger of loss. If the ship was torpedoed, the securities went to Davy Jones' locker, instead of to the strongbox of the American buyer for whom they were intended. And insurance against this risk of loss was running as high as seven per cent, which was prohibitive.

To solve this problem, six of the big New York City banks with offices in London devised an ingenious scheme for cancellation of the original certificates in London and the issuance of new certificates in New York.

The investor in London now takes his American securities to the London office of a New York bank where they are cancelled and photostats of the cancelled certificates made. Notice of the cancellation is then cabled to the New York office of the bank, which authorizes issuance in New York of a new certificate for the same number of shares. This new certificate is delivered to the American buyer.

The cancelled certificate is sent by steamer to New York in due course.

This plan has been applied so far only to stock issues of those corporations for which the six banks act as transfer agent or registrar. But, feeling that many other American corporations may wish to make this procedure available to their British stockholders, the banks have agreed to make the facilities of their London offices available as representatives of the transfer agents and registrars of such companies.

Monopoly in Securities?

THE S.E.C. is known to have some misgivings about what it regards as an unde-

sirable concentration of security un-

derwriting business in the hands of a small group of New York investment houses.

Although the subject has little, if anything, to do with the protection of investors, the Commission goes out of its way to compile complete statistics on the issue volume of leading houses, and four times each year releases a story to the press on this subject.

In the opinion of some investment bankers, these stories, which are gratuitous to say the least, are entirely misleading and represent merely an effort by the S.E.C. to convince the public that a few New York houses have a tight little monopoly of the investment business. Actually, nothing could be further from the truth.

A story recently released by the Commission, covering new security offerings in the third quarter of the year, stated that 18 New York houses had managed 93 per cent of all the underwritings in that period. Typical of the way newspapers handled the story was one headline which said:

"18 Houses Handle 93 per cent of All Business.'

The Commission story also stated that 63 firms accounted for 67 per cent of total participations in these underwriting syndicates—another statement that is subject to misinterpretation.

The misleading part of such stories is that the Commission's compilations cover only the "principal underwriters" and take no account of the much larger "selling group" to which the issues go for actual distribution. The bulk of commissions go, not to the principal underwriters, but to hundreds of small investment dealers throughout the country. There are more than 6,500 such dealers, and frequently several hundred of them will engage in the distribution of a single offering.

On one recent bond issue, which the S.E.C.'s publicity would imply was offered by only a few New York investment houses, more than 700 dealers participated. This alleged "New

York deal" was distributed as follows: Eastern states, 57 per cent; Central states, 33 per cent; South, five per cent; Pacific Coast, three per cent; foreign countries, two per cent.

Security issues, like anything else, are sold where there is a demand for them. The final distribution of nearly all large issues conforms closely to the relative wealth of the various sections of the country as indicated by banking resources, income tax returns and other indices; and the pattern of such distribution can be determined in advance with surprising accuracy.

The case of a recent bond offering of a well known utility company provides an interesting example. The distributing group in this case was purposely restricted to dealers within the state where the company operated. Yet the final distribution records showed that the bonds had been sold to investors in 32 different states.

The S.E.C., concerned because so many offerings are headed by New York houses, seems to have become entranced with the idea of local financing for local industries. The trouble with that idea is that, more often than not, the territories whose industries need new capital are the very ones in which such capital is lacking. The ability of such growing sections to draw needed capital from wealthier territories through the nation-wide workings of investment banking machinery, brings great benefits to the country as a whole.

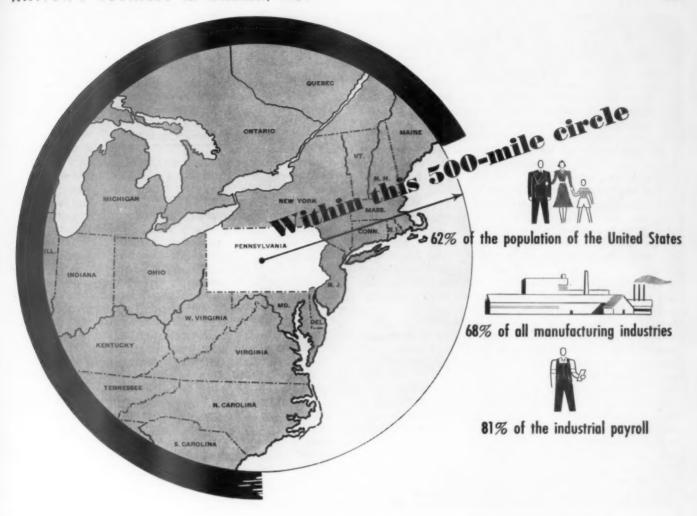
DESPITE the al-Government Help most frantic effor Small Business forts of banks to attract small as well as large bor-

rowers, the Government persists in its idea of setting up some new agency to provide funds for "small business." The latest proposal along these lines is the advocacy by Jerome Frank, Chairman of the S.E.C., of a government-sponsored institution that would not only make loans, but supply share capital as well, to small businesses.

Banks, of course, are not in a position to supply permanent capital, but the banking system is certainly meeting the legitimate credit needs of small business.

The experience of the Federal Reserve Banks in their efforts to make direct loans to business should have convinced anyone that any business that is properly entitled to credit is able to get it today through ordinary banking channels.

Banking is not entirely a milliondollar business as many people think. A recent nation-wide study, conducted by the American Bankers Association, showed that 78 per cent of the banks now welcome loans of less than



You can reach this big market better from Pennsylvania

This circle of 500 miles, totally enclosing or cutting through 22 states and the great industrial sections of Canada, represents a tremendous market, all of it "overnight" from the center of Pennsylvania.

This nearness to the country's biggest and busiest market—always important to industries located in Pennsylvania—today takes on new significance. For something has happened in Pennsylvania!

That something is a new business administration, friendly and cooperative, eager to help established businesses, welcoming new ones. Yours, for example.

Come to Pennsylvania! Enjoy the rare combination of natural advantages, accessibility to raw materials, and proximity to rich markets that Pennsylvania offers. Enjoy, too, the helpful cooperation of a business administration pledged to economy—a business administration which has already cut state payrolls 17% and

administrative expenses 20%, and found 86,145 new jobs through its state employment service.

Pennsylvania does not seek industries now happily situated, nor "sweatshop" industries of low-wage or sub-standard working conditions. To all others who would profit from her natural advantages and her vast market of ten million people she extends a cordial welcome.

Get the full story of what has happened in Pennsylvania, the basic reasons for the new impetus in industry, and the facts on resources and markets. Pennsylvania may be the location you need. This booklet will help you to decide.

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Write today for your free copy of "Pennsylvania—Its Many Industrial Advantages." Address: Department of Commerce, Harrisburg, Penna.



PENNSYLVANIA

ARTHUR H. JAMES, Governor



RICHARD P. BROWN, Secretary of Commerce

\$1,000. The average loan in that category was only \$241. Moreover, the survey showed how banks have tried to stimulate their loan business. Eighty-seven per cent of the banks reported that they were making definite efforts to increase their lending, and 75 per cent said that they were using advertising for that purpose. Banks that grant open credit lines reported that their customers were using only 32 per cent of the credit already made available to them.

The banks cannot meet the need of small business for new share capital, but the financial community feels that, if such businesses are unable to obtain permanent capital elsewhere, the fault lies with the Government itself.

The Securities Act makes it costly and unfeasible for many small- and medium-sized businesses to raise new capital through public offerings. Moreover, the Government's repeated warnings to investors on the risks of buying obscure investments has made people hesitate to put their money into anything but the highly liquid securities of the larger companies. Many investment trusts which once sought to supply small business with capital for development and expansion were excoriated by the Government for the depression losses they suffered in that type of security and

for their failure to buy more liquid investments. Most trusts are now unwilling to risk further criticism of that sort.

Banking for the Average Man

MORE people are probably receiving service today from the country's commercial

banks than ever before. Faced with a shortage of large borrowers, the banks in recent years have extended their services to reach the mass market. Many of them have found it a paving proposition.

A nation-wide survey indicates that 85 per cent of the country's banks are now granting personal loans, most of which run from \$100 to \$1,000. More than 60 per cent of the banks are currently making loans to finance the purchase of automobiles and other goods on instalment. Nearly half of them welcome small loans for repair and modernization of property under the provisions of the Federal Housing Act. These activities have brought the benefits of bank credit to millions of additional people.

Many banks have also found a satisfactory method of providing checking accounts for small depositors. This has been done by various plans of "metered service" under which small fees are charged for the han-

dling of each check. With a satisfactory income assured for each item handled, banks have been able to reduce or eliminate entirely their minimum balance requirements, thus enabling many people, who could not meet those requirements, to enjoy the convenience of checking service for the first time.

Ten Years After the Crash

THE tenth anniversary of the Big Crash, which was followed by worldwide depression,

invites some comparisons to determine to what extent the United States has been able to recover from its economic troubles.

The only other depression in the country's history that approached the present one from the standpoint of duration was the long depression of the 1870's, during which business and industrial production were subnormal for approximately a full decade. But the depression of the 70's, although long, was not nearly so severe as the present one.

Comparison of figures for the leading countries of the world shows clearly that America has done the poorest job of recovery of any major nation. World production, exclusive of the United States, is substantially above 1929 levels, whereas America's recent rate of production, although far above the depression low, is still about 20 per cent under the 1929 peak. In all fairness, however, it must be admitted that a large part of the production gain registered by certain other countries has been based upon the manufacture of armaments.

After ten years, building construction in the United States is still running at only one-half of pre-depression rates. Stock prices stand at only half their 1929 peak; and commodity prices, until the recent war boom, were still about 25 per cent below 1929 levels. Department store sales are still down about 15 per cent. Industries that make consumer goods are doing relatively well. The big lag is in the capital goods industries.

And after ten years, no solution has yet been found for such major problems as unemployment, relief and an unbalanced federal budget.

New Capital

THE ratio of capi-Many Banks Need tal funds to deposits, for the banking system as a whole, has

been steadily declining in the past several years. Two recent developments have aggravated this condition, and the problem is now being widely discussed both in government and banking circles.

The recent increase in bank lending



Useful in a dozen places in any business, the Tru-Pak is the one dependable safe-guard against losses caused by mistakes, carelessness, forgetfulness, and temptation. From the minute you write the first Tru-Pak form you have complete control and protection over all transactions through alteration-proof audit copies automatically filed in the Tru-Pak's locked compart-ment. Eliminates customer complaints, misunderstandings. Saves time, labor, money in writing sales slips, cash entries, returned goods, credit memos, purchase requisitions, exchanges, shipping orders, pick-ups, delivery tickets, and hundreds of others. Get the facts and witness FREE demonstration. Consult local classified directory or write Dept. NB 1239.

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Today one of our business Form Specialists is ready to come to your own office and show you the dollars and cents advantages of fool-proof, accurate, money-saving Egry forms, and without a penny cost to you. These men are factory-trained, seeing more business forms in a month than some men see in a lifetime. They've helped thousands of men to save tens of thousands of dollars. Your name and address will bring one of them to you promptly.



The EGRY REGISTER Company, Dayton, Ohio SALES AGENCIES IN ALL PRINCIPAL CITIES

has led to a corresponding increase in bank deposits. And losses suffered by banks on their holdings of Government bonds since the beginning of the war have further reduced their capital funds. As a result, the ratio of capital funds to deposits is undoubtedly somewhat lower now than it was at the close of the year, when it was already a matter of some concern.

Since 1933, total bank deposits have increased more than 50 per cent. Capital funds meanwhile have gained only five per cent.

At the close of last year, the 13,350 insured commercial banks that the Federal Deposit Insurance Corporation examined showed total resources of \$52,000,000,000 and capital funds of only \$6,000,000,000, which was equivalent to less than 12 per cent of banking assets. At the close of last year, one-fourth of the commercial banks (with half of the country's total deposits) showed capital funds amounting to less than ten per cent of their total assets.

Third Quarter Earnings Up

THE upsurge in corporation earnings for the third quarter of the year did much to

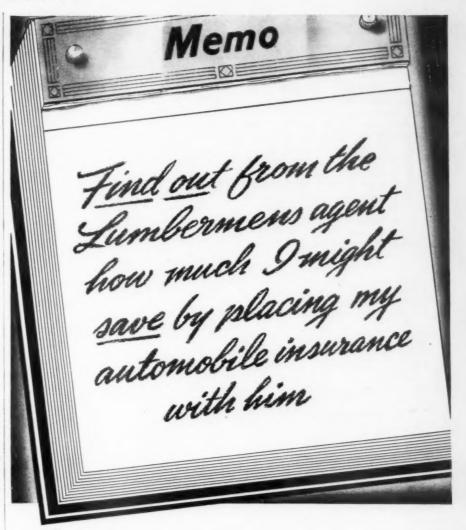
bolster a stock market that might otherwise have sold off in October and November when war business did not seem to be living up to earlier expectations.

A compilation covering 320 leading industrial companies, prepared by The National City Bank of New York, showed that their combined earnings, less losses, in the third quarter totalled \$201,000,000, a gain of nearly 50 per cent over the earnings of \$104,000,000 reported by the same group in the third quarter of last year, but still not up to the 1936 or 1937 levels.

The biggest percentage gains in earnings were registered by companies in the steel, oil, paper, chemical and airplane industries, most of which are in the "war baby" category.

Many analysts believe that the increased buying that such industries enjoyed in August and September, and which favorably affected their third quarter earnings, was based upon fear of possible shortage of supply, or fear of future price increases, rather than upon actual business needs.

With the first rush of "inventory buying" now over, fourth quarter earnings of corporations will be closely watched to determine whether the third quarter gain was a sound one that may continue or merely a flash in the pan caused by the early war excitement.



Have you ever secured a rate quotation from a Lumbermens agent? If not, the chances are that you have overlooked an opportunity to effect a very worthwhile saving while securing the protection of one of the strongest casualty companies in the world.

While paying standard rates to begin with, Lumbermens policyholders have always received cash dividends each year, saving them an average of over 20% on the cost of automobile insurance since the company was organized.

Lumbermens ranks first among all companies on this continent in automobile casualty insurance. Its broad policy, coast-to-coast service facilities and expert attorneys assure you of the finest kind of service if an accident occurs. Although organized by lumbermen, this strong, old company now writes insurance in all lines of industry.

Find out now what Lumbermens offers. Ask the agent near you for facts, or mail the coupon direct to us for further particulars.

LUMBERMENS MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President

MUTUAL INSURANCE BUILDING, CHICAGO, U. S. A. Operating in New York as (American) Lumbermens Mutual Casualty Company of Illinois Save With Safety in the "World's Greatest Automobile Mutual"

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Manual of Arms for Business

(Continued from page 18) regulate industry in all its direct and indirect relations to the war and the nation.

The Board's duty was not merely to stimulate the production and flow of essentials, but—and this is of equal importance to business men-to curtail the production of other goods, protecting as far as possible those industries not immediately essential. Industries in the latter group the Board, however, sought to keep alive, even though in skeleton form. These ends were achieved by regulating facilities, materials, fuel, transportation, labor and capital through preference lists. Food and fuel were separately administered to the same end. International trade was regulated by the War Trade Board, beginning in October, 1917.

The threads connecting the Government with industry were centralized in the War Industries Board. Through its commodity sections on the one hand, and through industry's war service committees on the other, all industry, in effect, was merged into an arm of the Government. It is true that the cooperation with government was preponderantly voluntary. But the Board, in its final form, possessed the fullest disciplinary powers. Thus, on one occasion an important manufacturer refused to comply with the Board's "request" for limitation of production. Holding large amounts of fuel and supplies, the manufacturer simply balked. Thereupon, Chairman Baruch ordered that manu-Thereupon, facturer's coal supply commandeered. No further action proved necessary.

In the excitement of the war, the commandeering power was frequently abused. The railways were paralyzed by "expedited shipments" of Army, Navy, Shipping Board, and others. In the words of Grosvenor B. Clarkson, historian of the War Industries Board, "The abuses of the uncoordinated commandeering power had been appalling." But, two months before the Armistice, the commandeering power was centered in the

War Industries Board.

According to Mr. Baruch, nothing so weakens the public spirit in wartime as widespread profiteering. It was to dispel this idea that the Government, in March, 1917, successfully arranged the purchase of 45,000,000 pounds of copper at half the prevailing market price. Subsequently, steel, lumber, zinc and lead were voluntarily sold to the Government at less than the market price. Although prices in private transactions continued to soar, Congress and the President were reluctant to control prices arbitrarily. The Government depended upon private cooperation. By September, 1917, however, it was found necessary to promulgate basic prices of coal, coke, steel, iron and copper.

In regulating prices of industrial commodities, since the Board's main object was to win the war, stimulation of production was more important than protection of the private consumer. Along with "priority," price control was a major instrument. The W.I.B. condemned excessively high and unstable prices if they interfered with production. The food and fuel administrations, on the other hand, were intended as protectors of the public purse and public welfare, and they looked at prices from the private consumer's standpoint.

Before the establishment of the Price-Fixing Committee in March, 1918, the War Industries Board had dealt with 'prices at the source" of a great many basic commodities such as hides and skins, wool, munitions, linters, cotton textiles, cement and zinc. Since the Government's main object was to stimulate production, prices tended to be fixed at levels encouraging "low-cost producers," that is, 80 or 90 per cent of each indus-

While this policy tended to give large profits to industry, taxation was relied upon to bring much of these profits back to the public. W.I.B. price fixing was not an arbitrarily proclaimed or abruptly determined process. Rather, it was a process of negotiation. The prices so fixed were always "maximum prices," although in general the fixed-price was accepted as the established price in all government contracts.

It is clear from the World War experience that our participation in another conflict would at once subject business to controls which last time were slowly evolved. The legislative basis for such controls is now much better prepared than in 1917. Here are listed and described the most important executive powers affecting business in time of emergency or conflict.

Communications

DURING a war in which the United States is engaged, communications are subject to government control. The Communications Act of 1934, as amended, authorizes the President to direct that government communications shall have preference or priority, and any carrier complying with this order shall be protected against civil or criminal penalties. Private use of physical force or intimidation by threats of force to obstruct communications by wire or radio is forbidden.

Broadcasting is put under complete control of the Administration whenever the President proclaims that a state of war exists, or a threat of war or a state of public peril or disaster or other national emergency, or finds such action necessary to preserve the neutrality of the United States. Under such circumstances, the President may suspend or amend existing broadcasting regulations, may cause the closing of any station and the removal of its equipment, or its use by the Government. For the use or control of such equipment just compensation shall be made. But, as broadcasters know, the frequencies used under license are always public property, and for them the industry can expect no compensation. While the Government can thus control broadcasting absolutely, it does not follow that, in wartime, it would actually operate the stations. The chances are it would not.

Apart from the powers to preempt control communications facilities, the President, as commander-in-chief, may-as in 1917 he did-without more specific authority than that of his office, censor international telephone, telegraph and cable communications. Related to this power of censorship is a provision of law of interest to business men. Subject to imprisonment or fine, "information may not be published in time of war concerning any place proclaimed by the President as a place of preparation of anything for the Army or Navy.

Power

VARIOUS statutory provisions enable the Government to control the nation's power resources in time of emergency or war. Apart from its specific control over coal and petroleum, the Government, through the Federal Power Commission, possesses broad emergency authority in peace time or war to require certain temporary connections of facilities, etc., and generation, delivery, interchange or transmission of electric energy to prevent shortage.

The Secretary of War may condemn and acquire any land needed for military purposes, the production of nitrate and other compounds and the manufacture of explosives, etc., and for the development and transmission of power for the operation of such plants. The Government may take possession of Tennessee Valley Authority property "in case of war or national emergency declared by Congress," for the purpose of manufacturing war materials. Provision exists for the control and use of water power projects, dams, the manufacture of nitrates, explosives or munitions of war wherever "the safety of the United States demands it.'

Transportation

TRADE, transportation and communication with alien enemies or their allies is rigidly regulated. Any system of transportation by land, water or air, may be controlled by the Administration in wartime, and may be used for the transportation of troops or war supplies to the exclusion of all other traffic, if necessary.

In time of war or threatened war, the President may certify to the I.C.C. that the national security and defense require preference in transportation of "certain traffic." At such times the President may demand preference for troops and war materials on the railroads. By a special statutory provision, the War Depart-





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gree than does the steam shovel.

Bought in economical groups, rotogravure is powerful enough to dip up over 50% of the nation's homes and deliver them to you as prospects. Bought in individual sections, it is flexible enough to let you select any city, area or zone in the country and subject it to an intensive, self-merchandising sales drive. Self-merchandising, because rotogra-

vure's reader interest and circulation are so high that not only your prospects but your outlets will be deluged by sales messages.

With these facts in mind it is easy to see why advertisers, even in such competitive fields as transportation, get results from rotogravure which warrant the success stories published on the next page. For the experiences advertisers in your own field have had with rotogravure, write Kimberly-Clark. Because in addition to manufacturing Rotoplate, Kleerfect, and Hyfect—three of the most widely accepted rotogravure papers—Kimberly-Clark maintains a research department and a statistical bureau to serve publishers and advertisers. The Kimberly-Clark Corporation, '8 South Michigan Avenue, Chicago, Illinois.

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want More for their money

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FRENCH LINE

"The service we offer the public is one that lends itself to dignified, colorful advertising. With this in mind, rotogravure is included in our schedules each year. We consider it to be very effective and of definite advantage."



SEABOARD

"The period during which Seaboard showed an increase of 32.42% coordinated with the year in which we first used rotogravure. We are sure from the excellent results we have obtained in the past that rotogravure will have an important place in the coming Seaboard advertising campaign."



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CHICAGO 8 South Michigan Avenue ment may use the Hoboken, N. J., pier terminals and Hoboken Manufactur-ers' Railroad in time of national emergency.

Over the merchant marine, present statutes give the Government the broadest powers in time of war or emergency. The Maritime Commission is authorized. "during any national emergency de-clared by proclamation of the President," to requisition, subject to compensation, any vessel of the United States and to turn such vessel over to the Navy or Army, or any other government agency for operation and control.

In lieu of buying the vessel, the Mari-time Commission may, with the owner's

consent, charter it.

During national emergency or when required for the national defense, Government may terminate the charters of vessels of the Maritime Commission.

The main normal functions of the Maritime Commission are the regulation of water transportation other than on rivers, and the subsidization of shipbuilding and operation. In pursuance of these functions, the Commission at all times enjoys the broad power to aid shipping under the "countervailing subsidy" provisions of the law.

These powers enable the Commission at its discretion to grant American lines additional operating subsidies to offset government aid to competing foreign vessels. Congress, however, must in this case appropriate the necessary funds.

During any national emergency proclaimed by the President, transfers of vessels or shipping facilities to foreign registry or ownership are put under gov-ernment control. When the United States is at war it is unlawful, without the Maritime Commission's approval, to transfer any American ship to a foreign registry, to sell any American ship to a

foreigner, to build vessels for non-citizens, to vest controlling interest in shipyards, etc., in foreigners, or to cause an undocumented American-built vessel to depart from the U.S.

Absolute control over the anchorage or movement of vessels, foreign or do-mestic, in United States territorial waters during time of actual or threatened war is vested in the Secretary of the Treasury. In the Canal Zone this power is vested in the Governor of the Panama

Shipbuilding becomes virtually a public utility in wartime or during a national emergency. At such times the President may, within certain appro-priation limits, procure ships and war material, commandeer the output of factories in which ships or war material are built or produced, take over any factory or part of any factory, whether the United States has or has not any contract or agreement with the owner or occupier.

With an eye chiefly to shipbuilding requirements, the law provides that the Government is legally empowered to condemn standing or fallen timber, sawmills, camps, machinery, logging roads, rights of way, equipment, material, supplies, and any works, property, or appliances suitable for the effectual production of such lumber and timber products for the Army or

The rules governing operation of ships are also altered in wartime. Thus, the legal provision relating to citizenship of officers and crews of vessels may be suspended. Shippers should note that, in contracts for the carriage of goods by sea, neither the carrier nor the ship is liable for loss or damage resulting from an "act of war" or "act of public enemies."

Industry

IN ADDITION to its special authority over shipbuilding, electric power enterprises and the like in times of emergency or war, the Government has far-reaching direct powers over manufacturing. The National Defense Act of 1916 provides that the President may, through the head of any government department, place orders for any required product or material with any individual or firm which is engaged in or capable of producing such supplies; such orders to be given preference over any other orders placed with the firm. In case of plants equipped to manufacture arms or ammunition, the President is authorized, on refusal to comply with government orders, to take over the plant through the head of any Department, and operate it through the Ordnance Department of the Army. Imprisonment for not more than three years and a fine not exceeding \$50,000 are provided for failure to comply with any order placed by the Government under Section 120 of the National Defense Act of 1916.

The National Defense Act also authorizes the President to appoint a Board of Mobilization of Industries Essential to Military Preparedness

Of far-reaching import to business is the provision that, in an emergency, the Government may acquire strategic and critical materials. The Government, under a different statute, may acquire land needed for military purposes.

In wartime the President may requisi-tion "any factory." The law does not specify that the factory be producing munitions or other war materials. While these powers were not employed during the Great War, their existence served as a club in obtaining compliance with the requests and orders of the Wilson

Mass meeting for mass production of useful ideas



MEMBERS of the National Association of Commercial Organization Secretaries assembled in Chicago for their twenty-fifth anniversary convention; devoted most of their four-day meeting to strictly shop talk; titled their session, "Doing Today's Job More Effectively." Speakers, mostly from the profession, minced no words in point-

ing out weaknesses in some local chamber of commerce organizations but indicated that most chambers are developing and leading public opinion on public issues that affect today's business. Nearly every session was given to discussing or demonstrating how chambers could serve their members in the most useful manner.

GOOD BUSINESS NEWS



If your business happened to be in a temporary tight spot for lack of working capital, who would have the deciding word as to how much you could borrow to tide you over—you, or the lender?

Most business financing smacks of dictatorship. It is tight-formed by tradition and precedent. It lays down terms and conditions which the borrower must accept. It measures his worth by what he bas—not by his present or potential volume of profitable sales.

That's where "NON-NOTIFICA-TION" Open Account Financing shows a definite superiority. It is poles apart from other forms of financing in flexibility, in ease and speed of action, in conforming to the actual day-by-day needs of the business that employs it.

It fits easily into the plans and operations of any manufacturer or wholesaler—big or small—as these two actual cases*, taken from our records, illustrate.

Case #1—Sales for the first four months of 1938, before using our Open Account Financing, were \$117,197. Net loss, 14%. Sales for the first four months of 1939, using our service, were \$154,792 gross. Net profit was 7.1%. Outstandings increased to a figure permitting 60% greater borrowing capacity.

Case #2—Company started using our Open Account Financing in 1928. Annual sales volume was then \$1,301,778. For the year 1938, gross volume was \$5,608,067. Eight years volume, 1931 to 1938 inclusive, was \$31,761,974—all financed, without increase in capital, by anticipation of receivables.

You can easily have a sample of how this kind of financing would ease your problems, without disturbing in any way your present customer relations or interfering with management. First, send for our pamphlet, "COMPARATIVE COSTS OF FINANCING". Then, if you're interested, let one of our officers meet with you and arrange a practical demonstration. No obligation.

*The facts and figures, taken from our records, can be certified.

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

BALTIMORE

BOSTON

NEW YORK

CHICAGO

SAN FRANCISCO

PORTLAND, ORE

CAPITAL AND SURPLUS MORE THAN \$65,000,000

Administration. The statutes provide that, in wartime, the President may require producers of ships or war material to deliver to the Government, at such price and under such conditions as he may lay down, part or all of their output.

Thus, the customary method of purchasing by the bid system may be set aside. During a state of war or when war is imminent, the President, it is provided, may procure required material through sources other than the present authorized methods of purchase or procurement.

As might be expected, the manufacture, distribution, storage, use and procession of explosives in time of war is restricted.

The Secretary of the Treasury is by statute authorized in peacetime to place educational orders for munitions of war of special or technical design, with commercial concerns. For this purpose, Congress in 1939 allotted the War Department \$34,500,000. To obtain such an order, a firm must be placed upon the Department's allocated list and conform to specific requirements. Such orders are intended to enable the firm to cooperate effectively with the Government in wartime from the beginning. Their purpose is to train industry to produce war commodities.

Labor

WHILE the Government has no specific powers to regulate labor disputes, general wage rates, and the like, its authority and controls in other fields give it important *de facto* powers over labor in wartime. It possesses the power of conscription, the power to control migration through control of the country's transportation facilities, and the like. The Walsh-Healey Act gives the Government specific continuing powers in connection with government contracts, which powers would assume added importance during war.

Saboteurs and sit-down strikers will have to exercise caution in wartime. For making war materials in a defective manner or for injuring or destroying war materials when the United States is at war, severe penalties are provided. "War materials" cover many products.

In an emergency, the President may suspend provisions of law relating to wages of laborers. He may waive stipulations of the eight-hour law during wartime or when war is imminent.

Patents

THE GRANT of a patent may be withheld in wartime if publication of the invention might be detrimental to the safety of the United States. If the invention is used by the Government, the inventor, if and when he ultimately receives a patent, shall have the right to sue for compensation in the Court of Claims.

Tariffs

THE ADMINISTRATION may, during a declared emergency, extend the time prescribed by the Tariff Act of 1930 for

the performance of any act, and may permit the free entry of food, clothing and medical and other supplies for use in emergency relief work.

The Administration possesses the permanent power to lower tariffs 50 per cent under certain conditions.

Monetary

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THE INSTRUMENTS for governmental control of money and banking, securities and commodities trading, and speculation are multiple and powerful.

The banking system, the organized exchanges, the volume of the currency, all are subject to government regulation and, in wartime particularly, Washington becomes the dictator of the dollar.

Apart from its permanent financial powers through the Federal Reserve system, whose principal officers are selected by the Administration, the executive branch has most extensive direct powers over the nation's monetary and financial system during both peace and war.

Under the Thomas Amendment of 1933, as amended, the President may, through the Federal Reserve system, buy or sell government bonds.

He may also issue \$3,000,000,000 of United States notes (greenbacks) and he may vary the gold content of the dollar between 60 and 50 per cent of the pre-1934 amount. Pape Steel & Wine Division, American Chain & Cable

Under the Trading with the Enemy Act, as amended, the President has complete control over foreign exchange transactions, gold and silver movements, hoarding, international securities transfers, and the like. These wartime powers, still in effect, were used in March, 1933. During such "emergency period" as the President may prescribe, complete control of banking is vested in the Administration.

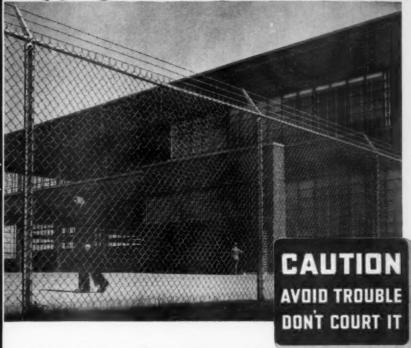
During any emergency period prescribed by the President, the Secretary of the Treasury may lay down regulations for the operations of Federal Reserve member banks. Even in peacetime, the financial powers of the Federal Reserve system are far-reaching. Among these is the power, within certain limits, to alter the proportion of reserves which member banks must keep against deposits.

In theory, increasing such reserves tends to make it more expensive for business men to borrow from their banks, while reducing reserves has the opposite tendency.

Actually, in recent years, member banks of the system have accumulated huge excess reserves, without the theoretically-expected increase in business borrowing.

Another important Federal Reserve control is the authority to buy and sell large amounts of government bonds. Such operations are intended to increase or decrease the supply of funds available to the banks for loans to business. Also, by influencing the price of couponbearing bonds, and hence the interest return thereon, it tends to affect the cost of money to commerce and industry. However, recent years have proven that cheap money is only one of many fac-

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A WATCHMAN'S CLOCK is an important piece of equipment, one from which you expect to receive years of service and upon whose satisfactory performance the safety of your plant may depend. It is well, then, that you choose it with care.

ONE FACTOR which you should take into consideration is the installation of a system best suited to your needs; for of necessity, no one clock and no one system could possibly be expected to meet successfully every requirement. The system that best fits the plant requiring only one watchman and the system designed for the great industry where many watchmen must constantly patrol buildings and yards to assure protection from fire and theft, are basically different. The Detex line of watchman's clocks meets every requirement. Four different portable models alone assure a type for every system; and, in addition, the Detex line also includes stationary clocks and electric clocks to meet special conditions.

BUT IMPORTANT as it is to have a clock exactly designed for your particular needs—this is only one phase of the purchase. Of equal importance is the experience of the company behind the clocks as well as their manufacturing facilities.

IT IS an interesting fact that the very first clock to serve American Industry was a Newman Clock—one of the Detex line and this was nearly half a century ago. Today the Detex plant is the largest in the world devoted exclusively to the manufacture of watchman's clocks.



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tors determining the rate of business activity.

The Federal Reserve banks are authorized to make loans on government securities. Under this authority they are prepared to lend to member and nonmember banks against government bonds at par, which service would have value in the event bond prices declined below par. The Reserve banks, moreover, are ready to advance funds to member banks against any "sound assets," practically without limit as to amount.

Furthermore, the Federal Reserve system is empowered to alter the margin requirements on loans made by member banks against stocks and bonds.

The Reserve banks are permitted to refuse credit to member banks which lend excessively for speculative purposes. They may limit to a certain percentage of capital and surplus member banks' loans against stocks and bonds, and the Reserve banks may direct any member bank to refrain from increasing its security loans. In practice, the Reserve banks also are able to limit foreign exchange transactions of their member banks.

The extensive emergency financial controls vested in the Administration include powers affecting stock and commodity exchanges. The S.E.C. with presidential approval, may close any securities exchange for 90 days at a time, whenever it considers such a step necessary. The mere possession of this and similar authority gives the S.E.C. tremendous influence, as is well recognized. Less generally known is the Government's influence over other types of exchanges.

In the field of commodity futures trading, as on the Chicago Board of Trade, the Government has certain powers which it would undoubtedly use to minimize any undue speculation in agricultural products. The Commodity Ex-Administration in the Department of Agriculture regulates the exchanges dealing in grains and cotton, and if the Lodge and Pace bills are enacted next session as expected, hides, cottonseed, and other commodities also will come under its supervision. The C.E.A. has the power to tighten up on speculative limits. For example, the present limit of 2,000,000 bushels of grain as the speculative position of an individual trader could be lowered by C.E.A., if the latter regarded market action as wild or unreasonable.

Mention should be made of the Administration's broad permanent powers over gold and silver. The Secretary of the Treasury may buy gold on such terms and conditions as he sees fit, and in this permanent power, which is really equivalent to the power to revalue the dollar, there is no time limit. The President has the power to revolue silver at any time in the same proportion as the gold dollar has been revalued. The Secretary of the Treasury has extensive powers to acquire silver.

The Federal Home Loan Bank Board may require Federal Home Loan Banks to rediscount notes in certain cases. The R.F.C. has broad and permanent authority to lend at home and abroad.

Agriculture

ALTHOUGH the Government's specific powers over agriculture are not of an emergency nature or directly related to war, they are sufficiently broad and flexible to give the Agriculture Department very far-reaching influence on the pro-

Keep the home fires burning



W. Homer Hartz, President Illinois Manufacturers' Association and Morden Frog and Crossing Works

"In the long run, this country will be much better off if we pay less attention to what is going on in Europe, and more attention to such problems as reasonable modification of the Wagner Labor Relations Act, reduction in the tax burden, reduction of the army of unemployed and suitable changes in many other policies of our federal Government which are serving as formidable obstacles to genuine business recovery."

duction, movement, distribution and price of the principal staples.

The Agriculture Department's legal powers may be grouped into two classes:

1. Those relating to research and statistics.

2. Those relating to action and regulation.

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The former group are indispensable to the use of the latter powers, which are the ones of most direct interest to business. It is not difficult to appreciate that the powers related to soil conservation and the stabilization of production and distribution of farm products are of great potential significance to the nation's business in wartime.

Among the instruments at the Government's disposal are the lending resources of the Farm Credit Administration, the Wheat Crop Insurance program, and the authority to make grants-in-aid of seed and fertilizer. The power to increase as well as restrict production is inherent in the power to pay producers who adhere to acreage allotments, and in the power to fix marketing quotas. The increase in wheat acreage for 1940 took into account European war conditions. The Agricultural Marketing Agreement Act of 1937, moreover, gives the Administration significant regulatory powers, including, in the case of milk, the power to fix minimum prices for consumers. The Packers and Stockyards Act is also a source of regulatory authority. Marketing by producers of wheat, corn, cotton, rice and tobacco when supplies are excessive may be regulated under the Agricultural Adjustment Act of 1938.

The ever-normal granary and surplus removal powers designed to encourage consumption of farm products are important from the short-run standpoint. Specific powers to accomplish this end are lodged with the Federal Surplus Commodities Corporation, which operates in perishable commodities and in the Commodity Credit Corporation, at present a large holder of cotton and corn.

One of the Administration's controls which was used in September to influence prices relates to sugar. The law states that the quota provisions and conditional-payment provisions of the Sugar Act of 1937 may be suspended whenever a national economic or other emergency is found by the President to exist.

The Commodity Exchange Administration's powers over speculative transactions in farm products have already been mentioned.

Prices

THERE is some question about the Government's present authority to fix general commodity prices directly. But there is no question about its power to exercise a large degree of control indirectly. If World War experience here is a guide, the Government's recognized power to commandeer materials, plants and equipment required for its own use is an effective instrument to obtain by negotiation the prices it desires. Even though the courts might subsequently determine just compensation to be greater than that offered by the Government, the latter's power to commandeer served effectively to produce acceptance of its price



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decisions. The mere volume of government purchases in wartime is a powerful price determinant.

In several cases, the Supreme Court has held that the Government has the power to control prices, subject to the Fifth Amendment which assures "just compensation," that is, market value, if there be one.

The Government's exact power over prices in private transactions is less clear. Government determination of rents in the District of Columbia during the World War was subsequently upheld by the Supreme Court. The power to fix coal prices not unreasonable or arbitrary was upheld in the last war, although provisions of the Lever Act were held unconstitutional because definite standards were lacking.

Latterly there have been numerous court decisions related to price fixing, rent fixing, and other related matters. In view of the trend of thought revealed by these opinions, a liberal attitude toward such matters in time of future war or emergency is to be expected.

Further powers

WHILE existing statutory powers of the Executive in time of emergency or war are obviously far-reaching, some observers feel that it is idle to attempt to determine their amplitude now since, in any emergency such as war, Congress will undoubtedly pass the legislation already drafted by the War Department to

implement the Industrial Mobilization Plan. Such legislation inevitably will be broad enough to make the President the economic dictator *de jure* for the duration of the conflict.

Such a law probably will include drastic tax features, will provide for the drafting of industrial management, will put the nation's material resources at the Executive's disposal, will provide for rigid financial controls, and authorize price fixing, priorities, and the apportioning of commodities and raw materials. Very likely, by its terms, officials of manufacturing and technical plants will be required to register and, if the President declares their particular industry essential, their services will be subject to requisition and their salaries will be fixed by the Government. In the Connally Bill (S.2160) the ceiling salary in such cases is put at \$10,000.

The movement to take the profits out of war may be traced back to the last conflict. In its final report, the War Industries Board expressed the conclusion that "in a similar war, there ought to be not only a mobilization of man power, but of things and of dollars." In 1932, the War Policy Commission recommended adoption of a constitutional amendment and legislation to empower the President to prevent war profits and to stabilize prices in wartime.

Numerous bills have since been introduced in succeeding Congresses, seeking to eliminate war profiteering, and to draft capital as well as men. While some form of war-profits taxation is regarded

as inevitable, it should be noted that the War Department does not wish profits to be so reduced as to kill incentive to production. The Army and Navy, moreover, do not envisage the use of the commandeering power except as an enforcement device, since they do not wish the Government to enter business except as a last resort.

The priorities power, also, is important as a "club," for uncooperative business men may be brought into line by shutting off transportation facilities or supplies. Under the Industrial Mobilization Plan, the civilian "War Resources Administration" provided for in the National Defense Act will conserve, control, allocate and direct the nation's major resources, facilities, commodities, transportation, power and fuel. Already the Army has surveyed the nation's plant capacity, and 10,000 firms have been allocated to definite tasks for the manufacture of supplies in an emergency. With Army and Navy procurement coordinated, industrial resources, power, labor, transportation and materials will be allocated, whenever scarcity requires, to a given government agency.

A War Finance Control Commission to direct the flow of capital into the desired channels will undoubtedly be created in time of war, presumably on the existing structures of the S.E.C. and R.F.C. Rigid control of basic prices may be expected, affecting private as well as government transactions, public utility charges, rents, insurance rates, and so on. Even without specific price-control authority in the law, the end may be achieved by exercising the priority function, revoking licenses, rationing or commandeering as well as through the use of publicity in cases of noncooperation.

President Roosevelt's request that the Monopoly Committee keep a constant eye on basic prices is an example of this approach.

Labor cannot be ignored by the Government in time of war. The Government, which is interested in maximum productivity, will naturally seek to keep the worker's pay in relation to the cost of living. It will try to bring the worker and the essential job together, eliminate undesirable migration, adjust disputes.

New construction in wartime will be indirectly controlled both by publicity and by command of material, transportation and labor. This control, however, is expected to be rigid only in "critical districts" where facilities are inadequate. In such areas the authorities will designate the particular projects they deem essential.

Foreign traders may expect rigid wartime control, such as existed under the War Trade Board during the last war. Moreover, in some lines where risks are great, the Government may be expected to set up special corporations, as in marine insurance, shipbuilding and operation, power, and trading.

Thus, when Johnny goes to war next time, business will march along too. What many people are wondering about is:

When Johnny comes marching home will business go back to its former basis?



Advertisement

Arnold Genthe

INTERNATIONAL BUSINESS MACHINES CORPORATION World Headquarters Building, 590 Madison Avenue, New York, N.Y.

Manufactures Census Looms

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STARTING January 2, 1940, each manufacturing establishment in the United States will be visited by census enumerators equipped with schedule forms for the Biennial Census of Manufactures. Most concerns will report for the calendar year ending December 31, 1939. In cases where calendar year figures are not available, reports for the fiscal year will be obtained. Field work will require 12,000 enumerators, working under 550 supervisors directed by 100 area supervisors in Census branch offices set up temporarily in convenient cities throughout the country. Reporting is required by law. Field work will be completed within four or five months. Basic facts by states and by industries will be published in 1940. Statistics regarding industrial areas, counties, cities, and towns will also be published as rapidly as they can be tabulated and prepared in report

Statistics to be published

CENSUS will include all manufacturing, printing and publishing establishments whose value of products exceeds \$5,000 in the year covered by the canvass. Production activities of motion picture studios and laboratories will also be recognized. Approximately 200,000 establishments will figure in results. These establishments will be classified in approximately 400 separate industries. Separate statistics for these industries will be published for the census as a whole for each state, industrial area, county, and city where the publication of the statistics does not disclose exactly or approximately the operation of a single establishment or a group of establishments under the same ownership.

lishments under the same ownership.

One hundred and forty-seven "special schedules," one general schedule and one administrative office schedule will be used in collecting data. Information to be presented in the census reports will include number of establishments, number of proprietors and firm members, number of salaried personnel and wage earners and salaries and wages paid during the year, cost of materials, fuel, purchased electric energy and contract work, value of products, and value added by manufacture. In addition to these socalled "general statistics," data on inventories, number and total rated horsepower capacity of prime-movers and generators, and year's expenditures for new plant and equipment will be collected.

Census of manufacturing activities of the United States was first taken in 1810 and covered the year 1809. It was taken in conjunction with the decennial censuses (except that for 1830) up to and including the census for 1900. Beginning with the year 1904, this census was taken at five-year intervals through 1919 and since then at two-year intervals. The twenty-third Census of Manufactures will cover the year 1939.—R. C. W.

From tough steerto TENDER STEAK

by Westinghouse



- When a friend unexpectedly happens to drop in for dinner, it's no more than right that he take potluck for granted. But when we carefully plan a dinner, long in advance, most of us pretty much stick to the rule of serving the best food we can get.
- That rule was rudely broken last April, when one hundred and forty-six people sat down to dinner at a Cleveland hotel. It was a notable group—civic and industrial leaders, food experts, home economists, chefs, editors—people invited for one particular purpose, to taste a new kind of steak.
- They were not served choice beef; those steaks were not expensive. Average in quality, average in price, average in every respect—but one! This beef was treated by a new process, called Tenderay, which has the peculiar ability of making ordinary beef as tender and juicy in just three days as the expensive cuts the very finest hotels serve after three or four or five weeks' aging.
- The guests were delighted. The steaks, they said, were excellent. But they were not half as pleased as Mrs. Cleveland housewife who learned that from that day on she could buy the same kind of beef at her own store. Heard that for the

- first time she could buy steak without guess and without gamble and know that it would be tender always.
- The Tenderay process depends on a lot of factors; humidity, temperature and what not. BUT—and here is where Westinghouse research plays such an important part—the process would be utterly impractical without the newly perfected *Sterilamp which kills bacteria with light and keeps the meat fresh and sweet.
- · He would be a rash prophet who'd care to predict the uses commerce and industry and medicine will find for the Sterilamp. In Suffern, N. Y., a bank installed it over the teller's windows to keep germs from passing with the money. A poultry man says it solves his turkey raising problems. Restaurants, hotels, bars and soda-fountains-in ever increasing numbers-depend on Sterilamps to keep glasses sterile; meat markets and groceries to keep food fresh, to reduce spoilage and refrigeration costs. One of the country's largest hospitals has installed Sterilamps to sterilize the air in the operating rooms. Another in the nursery to protect babies in their
- Certainly Westinghouse, when this development started, did not know its ultimate scope. And that, after all, is the way of research and its great justification. It is an exploration into the unknown, it follows new paths and uncharted byways—not with the assurance of success; merely with courage and experience and knowledge, and sound common sense as a guide.

* * *

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A Never Ending Hunt for Something New

(Continued from page 24)

was rejected because its counterpart was on the gate of Thebes is perhaps apocryphal, but a 20th century plumber's hopes were actually blighted by some illustrations of third century fountains in an architect's handbook, and many an undertaker still finds his claims rejected because of the exhaustive descriptions of embalming processes contained in a University of Idaho doctor's dissertation of 1896.

No publication is too simple to contain references that may blast the claim of novelty. An examiner of locks cherishes a 50 cent mechanic's handbook on locks, crudely written and crudely but accurately illustrated; the Apparel Division, "Essentials of Sewing, a Handbook for Girls." Only one source is never brought in as a reference, and that is the "abandoned file" which includes applications rejected, or dropped for any reason by the inventor. Such documents pass into oblivion so far as the Office is concerned.

Following their "arts"

EXAMINERS who live, sleep and dream their particular "arts," also try to keep up with current developments. They follow trade publications, manufacturers' catalogs, reports from research groups and publications of professional associations like the Society of Automotive Engineers.

Chemical Abstracts, a journal publishing digests from the principal chemical journals of the world, is invaluable to

the examiners in what is now the most active art. Occasionally an examiner's affidavit that he has seen something in operation is grounds for rejection of a claim. So it happened, for instance, that a laundry stamping device was not patentable. The examiner, in the course of his wanderings, had seen the same kind of apparatus in use for a decade in a Washington laundry.

Examiners, therefore, are prone to go on busmen's holidays and, during their vacations, at their own expense, to travel to exhibitions in their field, attend trade conferences, and visit plants.

Inventions that clash

SOMETIMES, since invention tends to follow general trends, two or more inventors are likely to hit upon the same idea independently. When similar applications are pending at the same time, "interference proceedings" are held in strictest secrecy before an interference examiner, who judges which of the claimants conceived the workable idea first.

Once, after a lecture on a new application of a scientific principle, 57 members of the audience so promptly saw its possibilities that they all tried to patent it at the same time.

Only rarely does there occur what, in Office slang, is called a "Chinese copy" or "Pat reference," that is, identical anticipation. Once in 20 years, in an art, is not unusual.

More often rejection is on subtler grounds, and the start for a voluminous



Another new patent in the automotive field—the fluid drive. The two vanes or fins are mounted in a housing so that they face each other about ½ inch apart and the housing is then filled with special oil to about 4/5 capacity. Front disc is attached to rear end of engine crankshaft and rear disc is attached to drive shaft of the car

exchange of correspondence between examiner and patent attorney. On the theory of "analagous arts" a method of snuffing overhead oil lamps by blowing on them by means of a bulb attached to a stick was turned down because similar bulb devices had been used for years in dentistry; a gadget to be attached to showers was declared to have the same principle as a hanging lamp patented decades before, and an electrical arrangement, for use in revues, and designed to give the illusion of undressing show girls had been anticipated by a similar arrangement of gas lights, destined for chaster purposes in the '80's.

Examiners, being human, are not infallible, so when a still unconvinced attorney finds it impossible to argue an examiner out of his objections, he can

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACTS OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933, of Nation's Business, published monthly at Greenwich, Connecticut and Washington, D. C. for October 1, 1939.

City of Washington, County of District of Columbia, ss. Before me, a Notary Public in and for the State and county aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the Editor of Nation's Business and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodled in Section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher editor, managing editor, and business manager are: Publisher, Chamber of Commerce of the U. S. of America, Washington, D. C.: Editor, Merle Thorpe, Washington, D. C.: Managing Editor, Raymond Willoughby, Washington, D. C. Business Manager, Lawrence F. Hurley, Washington, D. C. Business Manager, Lawrence F. Hurley, Washington, D. C. 2. That the owner is: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors. The officers are as follows: President: W. Gibson Carey, Jr., President, The Yale & Towne Manufacturing Co., Chrysler Building, New York, N. Y. Vice Presidents: Thomas H. McInnerney, President, Nanthaual Dairy Products Corporation, 75 E. 45th Street, New York, N. Y.; Clem D. Johnston, President, Roanoke Public Warehouse, 369 W. Salem Avenue, Roanoke, Va.; James S. Kemper, President, Lumberme's Mutual Casualty Company, 4750 Sheridan Road, Chicago, Ill.; O. J. Arnold, President, Narthunstern National Life Insurance Company, 430 Oak Grove St., Minneapolis, Minn.;

MERLE THORPE Signature of Editor Sworn to and subscribed before me this 29th day of Sept., 1939.

WALTER HARTLEY

(Seal) Notary Public, District of Columbia (My commission expires Sept. 1, 1942.)







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appeal first to the Patent Office Board of Appeals and then to the courts. On the whole the Patent Office does a remarkably thorough job in determining novelty, but sometimes, if a granted patent becomes commercially valuable, it is in some one's interest to leave no stone unturned to break it.

Patents may be broken

THUS it happened that the Eskimo Pie patent was broken when a patent attorney located a method of coating ice cream with chocolate as a recipe for 'Ice Cream Balls" in a little paper-bound book, "Thirty Years a Caterer;" and a patent on a preparation for preventing blue mold on citrus fruits was declared invalid when another lawyer, months of research, cited a prior anticipation in an obscure paragraph of a French chemical journal.

Though novelty is the prime requisite for a patent grant, it is by no means the only one. Mere aggregation, for one thing, is not interpreted as invention. Most "patent medicines" are neither patented nor patentable because they are merely mixtures. Insulin, diphtheria antitoxin, and liver extract for pernicious anemia are patented-their manufacture involves chemical change.

And a true invention must not be obvious, that is, within the skill of any one ordinarily familiar with the art. When 106 persons applied at about the same time for the same simple improvement on a popular confection, the Office decided that, if so many thought of the same novelty simultaneously, it came under the head of obvious.

Another criterion of patent granting, and one that has frequently put the Office under fire, is that of "utility." Look, say its critics, at the idiotic, useless devices that have been patented, like a coffin with an attached bell so that one

buried alive can make himself heard, or a windshield wiper to be attached to a horse's tail. Do these meet the test of utility?

The examiners' answer is that, first of all, these freak and ridiculous gadgets are an infinitesimal part of all patents, and that the same 40 or 50 have been publicized over and over and thus given undue importance.

Second, a patent that may seem nonsensical, like a device to be attached to hens to stamp eggs as they are laid, may have real value to the initiate-in this case, poultry breeders. Above all, loose interpretation of "utility" is de-liberate. The Patent Office staff knows too much about the history of invention to set themselves up as prophets. Specialists in recorded knowledge, they limit themselves to reporting the past and present developments in their and do not pretend to be capable of judging what will be either commercially or socially useful.

Because so successful a railroad man as Commodore Vanderbilt scoffed at the Westinghouse air brake as "the fool idea of stopping trains with wind;" because a scientist, early in the century, listed "The Ten Most Important Recent Inventions" and left out the radio tube, examiners prefer to err on the side of leniency.

Model may be required

UTILITY in the sense of workability is something else. An invention, to be patentable, has to work. Inventors of perpetual motion machines, under whatever designation, are required to submit models as well as specifications. This disposes very neatly of their claims. When an application for a process for treating foods with ultra-violet rays to produce Vitamin D came in, the expert chemical examiner was skeptical. Until

Business as usual—or better



D. U. Bathrick, General Sales Manager, Pontiac Division of General Motors

"War in Europe is not making any difference in our plans. We had a good year in 1939 and expect a better one in 1940. ... Records show that the automobile industry has not been adversely affected by past wars in Europe. Car sales in this country increased 71 per cent during the first year of the World War and 67 per cent the next year."

then violet rays had been used for destruction, not synthesis, and on the face of it the process did not seem to be operative. The inventor was asked to stage a demonstration, did so, and got his patent when the examiner recognized the intermolecular changes that had taken place.

So long as an invention does what it purports to do, so long as it is not actually detrimental to public morals, it is considered "useful."

Claims are cut down

PRESUMABLY the patent attorney has already made a search for possible anticipations and has evaluated all the factors in his claims. However, since he acts for his client and wants to include as much as he possibly can, while the examiner, representing the public interest, wants to hold them down strictly to their legitimate bounds, more often than not the two do not see eye to eye.

Forty per cent of all patent applications are rejected, and only one in 200 issued exactly as originally set forth. It is not unusual for claims to be halved in the course of application-to-patentgranted.

The examining corps with whom these interpretations and decisions rest is a remarkable professional body. All the examiners are mechanical or chemical engineers, or chemists. Many have masters' degrees. Nearly all are, in addition, lawyers. The Patent Office was the first federal agency to introduce a merit system of competitive examination, anticipating Civil Service by 20 years. Only once, in more than a century, has a Patent Office employee been indicted for corruption, and that was more than 30 years ago.

None has ever violated his oath of secrecy, a remarkable record in the face of the untold millions of dollars' worth of valuable secrets in the files of patents pending. Congressional investigations of the Patent Office come and go, but, by its own test of utility, the Office's behind-the-scenes method of search and research works.

Fewer Taxing Units

MORE than 6.500 local governmental bodies with taxing powers were eliminated in the past five years. Taxing units, as revealed by count of the Illinois Tax Commission, now include 3,052 counties, 16,450 incorporated places, 118,667 school districts, 19,303 townships, and 3,624 other divisions. In 1934, the United States Bureau of the Census turned up a total of 167,699 units authorized to levy property taxes, against the current total of 161.144.

The ten states with the largest number of taxing units are: Illinois, Kansas, Minnesota, Missouri, New York, Wisconsin, Michigan, Nebraska, Iowa and Texas, in that order.

Total number of units in this top ten ranges from 7,106 in Texas to 15,100 in Illinois

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Shop Beauty is enhanced with this smart floor of Armstrong's Linoleum in the Beauty Salon of Meyer Israel & Company, New Orleans. The custom inset adds style and eye-appeal to the salon—and plays a big part in setting this shop off from competitors'. Field of Tan with traffic-guides and two large circles of Cadet Blue.



This floor leads folks into the shoe store of B. Rich & Sons, Washington, D. C. It demonstrates how special Armstrong Floor designs can make traffic for any business.



Jack & Jill Shop, a children's store, in Madison, Wisconsin, makes it fun for youngsters to pay them a visit with this imaginative floor of Armstrong's Linoleum. The field is Blue Marbelle,

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Slum Clearance by Private Enterprise

(Continued from page 30)

A small fund from income is also set aside to be used to tide over trustworthy tenants who may become delinquent through misfortune. When able, a tenant can repay this back rent in small amounts and it is deposited in a revolving fund for the benefit of other unfortunates. This again is just good business because evictions are costly and serve no good purpose when a worthy tenant is involved.

Better service from rent

MR. BINNS thinks that good management could provide for the purchase of household furniture to be paid for as rent. Also, that fuel for heating, in carload lots, instead of ten or 15 cents a bucket might be similarly bought and paid for as rent, and that emergency medical service could be provided under such a plan. He also believes in establishing a sympathetic understanding with tenants, and small gifts, such as flowers at weddings or deaths; congratulations upon births, and other niceties of human relationship.

Educational work through the issuance of a monthly magazine is another of his suggestions. Likewise, the stimulus of competitive gardens. Those developed by Mr. Binns at his own home at Swarthmore would, doubtless, prove a great incentive.

Utopia? No, just common sense. Good business in the form of good management is the foundation of making rental housing in the low-rent field a salable commodity that pays big dividends in dollars and cents and in human values and services to that great mass of the American public who must have at least a minimum standard of shelter at a price they can afford to pay.

price they can afford to pay.

Altruism? Not entirely! Mr. Binns considers the low-income man an excellent risk. Covering a period of ten years, his records indicate that losses from all sources, including vacancies, inability to pay rents and misuse of property, have been less than two per cent. Furthermore, these families are not a dependent class, not normally on relief, and do not ask for help.

They are industrious and normally employed, representing a portion of the population which does not change although its individuals may.

In a recent statement Mr. Binns pointed out that a survey by the Philadelphia Electric Company indicated approximately 100,000 thoroughly responsible, self-supporting, decent, non-relief families in that city. These he considers typical residents of the \$20 to \$25 a month rental houses. He further points out that "at least 50 per cent of every old city ought to be modernized by opening up park areas, modernizing old style buildings, and building new structures to meet the needs of the low income group."

There is not the slightest doubt, he

says, "that the field of low-rent housing, if fulfilled, would take up all the slack and utilize all of our unused labor resources for generations to come, not only in Philadelphia, but throughout the country."

For ten years Mr. Binns has sought to find available sources of money at long term rates to put into slum rehabilitation investment. He has unsuccessfully canvassed insurance companies, banks, and private individuals. Practically all money he has invested to date has been obtained on short-term loans and from three-year FHA-insured modernization loans at a cost of about 9.6 per cent a year.

Reluctance of financing institutions to lend money on low-rental properties he attributes to "a period of fear and hesitation to go into any risk because of past losses." He adds:

If I were attempting to spot a single reason, I think I would say that this attitude of the bankers is based upon a confusion between the inherent value of low-rental properties and their management. Sound values badly managed fail and, in the past, the management of low-rental properties has been little understood, shortsighted and unsound. This form of real estate cannot be administered from a remote office desk. It cannot be left to take care of itself and continue to be a good paying investment. Unfortunately, this is exactly what has happened to low-rent properties. The attitude toward the properties has been wrong. Properly administered they are a fundamentally sound investment in a depression-proof housing market.

Housing and character

JUST how far reaching Mr. Binns' achievements in slum rehabilitation, or "socialized housing," as he prefers to term it, will go, is not clear.

He sums it all up like this:

Certain it is that the business of shelter is closely associated with character and good citizenship and certain it is that, unless acceptable, comfortable shelter at low cost can be provided, the great body of our folks who have low incomes cannot be expected to have a great deal of pride in their homes.

Without pride in their homes, the Flag, the Constitution and Bill of Rights cannot mean much.

We stand today at the crossroads between two great fundamental philosophies. The first philosophy says that private business has failed and that, from now on, the Government must do everything for the people. We who have watched the working of this philosophy, have observed that it is necessary to increase the subsidy; ever to increase the taking over of private business by the Government, with the resulting decrease of tax revenue, until it appears that this method leads down an alley at the end of which stands the threat of a full-size dictator and the loss of our political liber-

On the other hand, there is the American philosophy; the idea that we as Americans can and must do for Ameri-

cans the things that are necessary. Private capital with a sense of service, and with the facilities at our disposal, can meet this need.

meet this need.

Consider the opportunity! We have a vast supply of dilapidated, depreciated real estate. We have idle funds and we have the skill of architects and of engineers. We have the demand. We have everything that it takes to meet this need without a cent of subsidy and to pay our taxes all the way. It is as basic as the Constitution and as vital as the Constitution and as vital as democracy itself.

New York's Battle of the Budget

(Continued from page 33) planned, speeches and slogans well rehearsed, banners and placards ready. As they arrived at the Capitol, however, they learned that the legislature had adjourned for the day just ten minutes before their special train had steamed into Union Terminal.

The women stormed angrily through the corridors collaring stray legislators and clerks. Most of the legislators had retired to the privacy of their offices and several left the building through back doors. One besieged senator picked up a discarded banner and thus armed walked unmolested out of the building shouting simply "Restore Budget Cuts!"

The legislature admitted that some of the cuts would be unfair at the time, however, and, in a supplementary budget passed just before the end of the session, restored several million dollars. The final net reduction was \$26,500,000. The new budget was balanced with no new taxes. An emergency cigarette tax of two cents a package and an additional liquor tax of 50 cents a gallon were required, however, to liquidate the deficit of the previous year.

The taxpayers of New York had scored an impressive victory. The upward trend of governmental costs which had been uninterrupted for ten years had been broken and congratulations were heaped on the legislature by newspapers and the public.

But the long regular session was not enough. The Administration took a portion of the budget into the high courts for a test of its constitutionality. It was ruled that the legislature did not have the right to make reductions on a lump-sum basis but must specify exactly how much each individual item in each department should be cut.

Back to Albany came the weary law-makers. The Ways and Means Committee went through 13,000 items, cutting each one separately. It was a tremendous job which had to be completed before the end of the fiscal year. The entire legislature was convened on June 30 but could not take a vote because of a technicality which the Governor refused to waive. On July 10, 188 days after the "battle of the budget" had begun, the two houses reconvened, passed the bills for the second time and in a few hours were on their way home for a much-needed vacation.



CUTTING out Paper Dolls?

Separating perforated pieces of paper may be comedy to some folks—but it's tragedy to Bill Miller. Bill is the manager of the shipping department, but he spends hours every week tearing stamp sheets into usable units. Bill doesn't trust anybody but himself to handle the postage stock. And the firm pays a department head's salary for an office boy job!

These separated stamps must be counted every night, and put in the safe. Somebody must take cash to the postoffice every other day to replenish the supply.

Too bad somebody doesn't tell Bill Miller about the Pitney-Bowes Postage Meter. Then he could stop being an office boy, stop worrying...

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The postage is in the Meter, safe from theft, loss and damage, fully protected; and the people who handle postage are protected, too. Nobody can steal a meter stamp.

Metered Mail need not wait for facing, postmarking, cancelling in the postoffice; gets away faster.

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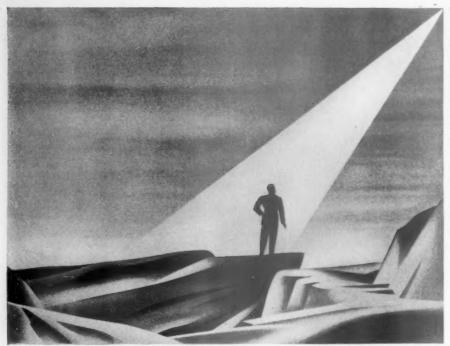
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Index of A D V E R T I S E R S

December • 1939

	Page
Addressograph-Multigraph Corp. Aluminum Company of America	41
	Cover
of New York	72
American Telephone & Telegraph Company	14
Anheuser-Busch, Incorporated	74
Armstrong Cork Company Association of American Rail-	69
roads	4
Bakelite Corporation	10
Box 70	68
Burroughs Adding Machine Co.	35
Carlton Hotel	68
Cast Iron Pipe Research Assn. Chesapeake & Ohio Lines	49
Commercial Credit Company	60
	44-45
Detex Watchelock Corporation	62
Dictaphone Sales Corporation	63
Egry Register Company, The	54
Fairbanks-Morse & Company Felt & Tarrant Mfg. Company	39
Ford Motor Company	1
Goodyear Tire & Rubber Co	12
Haloid Company, The	68
Hartford Steam Boiler Insp. & Ins. Co.	9
Heating & Ventilating Exposition, 6th International	70
Household Finance Corporation	11
International Business Machines Corporation	64
Kimberly-Clark Corporation	57–58
Lennox Hotel	70
Lumbermens Mutual Casualty Company	55
Maryland Casualty Company	47
Mayfair Hotel	68
Metropolitan Life Insurance Co.	37
Monroe Calculating Machine Co.	6
National Board of Fire Under- writers	3
Norfolk & Western Railway	7
Northwestern Mutual Life In- surance Co3rd	
Page Fence Association	61
Pennsylvania, Commonwealth of	53
Postage Meter Company, The	71
Remington Rand, Incorporated	73
Smith, L. C. & Corona Type- writers	67
Texas Company, The4th	Cover
Westinghouse Electric & Mfg. Co. Woodstock Typewriter Company	65 70
-/I Puni	

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On the sixth day try to drink a sweet beer. You will want
Budweiser's flavor thereafter.





But, Bob, does a partner's widow get nothing?

HER husband had helped establish the business. For years it was the source of her income-never failing, taken for granted. Yet now, when her need for money is so urgent, she learns that the business is not in position to help her. It's a cruel situation, that occurs frequently.

What a cruel responsibility, too, for one of the surviving partners to explain to her, as gently as possible, that they must let the law take its course, and liquidate the businessunless they find money to purchase her husband's interest from his estate.

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